

Beaufort West

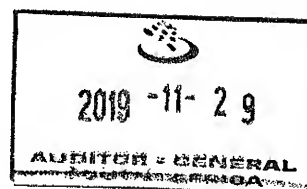
MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS

30 JUNE 2019

[These financial statements have not been audited]



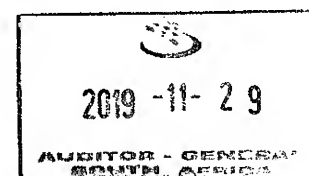
BEAUFORT WEST LOCAL MUNICIPALITY

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BEAUFORT WES LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

GENERAL INFORMATION

NATURE OF BUSINESS

Beaufort West Municipality is a local municipality performing the functions as set out in the Constitution (Act no 108 of 1996).

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act no 117 of 1998).

JURISDICTION

The Beaufort West Municipality includes the following areas:

Beaufort West
Nelspoort
Merweville
Murraysburg

EXECUTIVE MAYOR

N. Constable

DEPUTY EXECUTIVE MAYOR

Q. Louw

SPEAKER

S.M. Motsoane

CHIEF WHIP

A.M. Kilani

MEMBERS OF THE EXECUTIVE COMMITTEE

Executive Mayor
Deputy Executive Mayor

N. Constable
H.T. Prince
Q. Louw
S.M. Motsoane
A.M. Kilani

1 July 2018 - 31 May 2019
1 June - 30 June 2019

Speaker
Chief Whip

MUNICIPAL MANAGER

Mr. K. Haarhoff

CHIEF FINANCIAL OFFICER

Mr. C. J. Kymdell

REGISTERED OFFICE

112 Donkin Street
BEAUFORT WEST
6870

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

Nedbank, Beaufort West

ATTORNEYS

Crawford Attorneys, Beaufort West
Van Niekerk Attorneys, Beaufort West

RELEVANT LEGISLATION

Basic Conditions of Employment Act (Act no 75 of 1997)
Collective Agreements
Division of Revenue Act
Electricity Act (Act no 41 of 1987)
Employment Equity Act (Act no 55 of 1998)
Housing Act (Act no 107 of 1997)
Infrastructure Grants
Municipal Budget and Reporting Regulations
Municipal Finance Management Act (Act no 56 of 2003)
Municipal Planning and Performance Management Regulations
Municipal Property Rates Act (Act no 6 of 2004)
Municipal Regulations on Standard Chart of Accounts
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
Remuneration of Public Office Bearers Act (Act no 20 of 1998)
SALBC Leave Regulations
Skills Development Levies Act (Act no 9 of 1996)
Supply Chain Management Regulations 2005
The Income Tax Act
Unemployment Insurance Act (Act no 30 of 1986)
Value Added Tax Act
Water Services Act (Act no 108 of 1997)

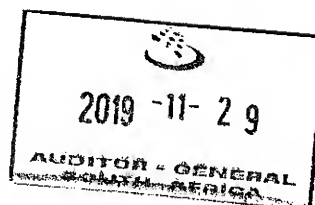
MEMBERS OF THE BEAUFORT WES LOCAL MUNICIPALITY

WARD

1
2
3
4
5
6
7
Proportional
Proportional
Proportional
Proportional
Proportional
Proportional

COUNCILLOR

D.E. Welgemoed
O. Haarvoor
L. Basson
S.M. Motsoane
A.M. Kilani
E. Wentzel
J.J. vd Linde
L. Deyce
H.T. Prince
Q. Louw
E. Lawrence
N. Constable
A.M. Slabbert
Z.J.D. Lambert



BEAUFORT WES LOCAL MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2019, which are set out on pages 1 to 111 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

The annual financial statements have been prepared in accordance with Standards of Generally Recognized Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2020 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

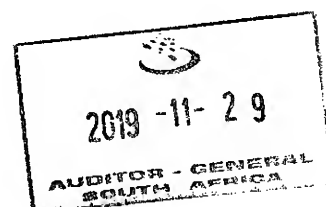
The annual financial statements were prepared on the going concern basis and the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.



Mr. K. Haarhoff
Municipal Manager

29/11/2019

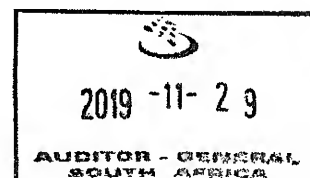
Date



BEAUFORT WES LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

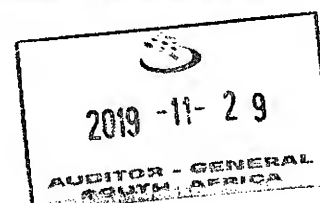
	Notes	2019 R	2018 Restated R
ASSETS			
Non-Current Assets		539,648,336	530,360,167
Property, Plant and Equipment	2	524,583,688	514,792,897
Investment Property	3	7,033,226	7,247,207
Intangible Assets	4	284,715	400,060
Heritage Assets	5	5,225,000	5,225,000
Non-Current Receivables from Exchange Transactions	6	1,859,861	1,861,932
Non-Current Receivables from Non-Exchange Transactions	7	661,847	833,071
Current Assets		59,517,152	76,002,090
Inventory	9	2,997,854	3,571,385
Receivables from Exchange Transactions	10	9,933,349	16,359,643
Receivables from Non-exchange Transactions	11	34,093,645	28,342,381
Unpaid Transfers and Subsidies	20	-	12,935
Operating Lease Asset	8	40,363	25,161
Taxes	21.3	11,130,489	14,169,334
Current Portion of Non-Current Receivables	6&7	807,873	784,696
Cash and Cash Equivalents	12.1	508,579	12,736,555
Total Assets		599,165,488	606,362,257
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		62,195,531	60,199,178
Long-term Borrowings	13	6,992,620	9,016,518
Non-current Provisions	14	24,467,353	22,062,433
Non-current Employee Benefits	15	30,735,558	29,016,143
Non-current Trade and Other Payables from Exchange Transactions	19	-	104,084
Current Liabilities		73,987,216	83,775,266
Consumer Deposits	16	1,830,542	1,537,467
Provisions	17	6,170,078	5,714,119
Current Employee Benefits	18	11,978,921	9,725,180
Trade and Other Payables from Exchange Transactions	19	32,223,829	51,432,244
Unspent Transfers and Subsidies	20	6,476,812	3,379,953
Cash and Cash Equivalents	12.2	12,929,852	7,792,004
Current Portion of Long-term Borrowings	13	2,377,182	4,194,300
Total Liabilities		136,182,747	143,974,444
Net Assets		462,982,740	462,387,812
Capital Replacement Reserve	23	-	-
Housing Development Fund	23	3,789,477	3,789,477
Self Insurance Reserve	23	511,578	699,275
Accumulated Surplus		458,681,685	457,899,060
Total Net Assets and Liabilities		599,165,488	606,362,256



BEAUFORT WES LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

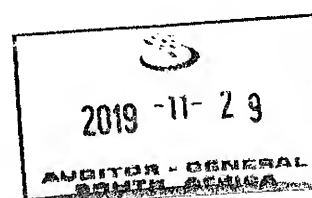
	Notes	2019 R	2018 Restated R
REVENUE			
Revenue from Non-exchange Transactions		196,200,426	236,015,808
Taxation Revenue		36,239,032	33,875,648
Property Rates	24	36,239,032	33,875,648
Transfer Revenue		107,669,014	154,156,237
Government Grants and Subsidies - Capital	25	30,103,158	77,717,306
Government Grants and Subsidies - Operating	25	77,529,856	76,283,699
Contributed Property, Plant and Equipment	26	36,000	155,232
Other Revenue		52,292,381	47,983,924
Actuarial Gains	15	823,726	2,474,041
Fines, Penalties and Forfeits		50,449,294	44,641,921
Interest Earned - Non-exchange Transactions		983,978	825,998
Licences and Permits	27	35,383	41,964
Revenue from Exchange Transactions		107,120,698	115,990,352
Service Charges	28	99,320,952	107,422,169
Sales of Goods and Rendering of Services	29	585,044	694,306
Rental from Fixed Assets	30	1,076,121	1,135,400
Interest Earned - External Investments	31	615,980	851,203
Interest Earned - Exchange Transactions	32	2,732,321	2,821,683
Licences and Permits	27	301,827	287,763
Agency Services		851,625	741,417
Operational Revenue	33	1,636,828	2,036,412
Total Revenue		303,321,125	352,006,161
EXPENDITURE			
Employee related costs	34	106,439,030	94,428,040
Remuneration of Councillors	35	6,007,500	6,068,438
Bad Debts Written Off		9,007,067	5,632,236
Contracted Services	36	28,730,767	39,623,486
Depreciation and Amortisation	37	19,522,886	17,576,966
Actuarial Losses	15	402,552	209,326
Finance Costs	38	5,886,608	6,265,736
Bulk Purchases	39	63,088,212	59,256,654
Inventory Consumed	9	6,740,819	3,322,108
Operating Leases		12,999	244,479
Transfers and Subsidies	40	671,122	223,335
Operational Costs	41	14,419,204	13,552,944
Total Expenditure		260,928,765	246,403,747
Operating Surplus/(Deficit) for the Year		42,392,359	105,602,414
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	10	-	-
Reversal of Impairment Loss/(Impairment Loss) on Receivables	42	(41,590,149)	(37,655,717)
Gains/(Loss) on Sale of Fixed Assets	43	(204,671)	(1,601,147)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	44	(2,652)	(7,625,144)
NET SURPLUS/(DEFICIT) FOR THE YEAR		594,887	58,720,406



BEAUFORT WES LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2019

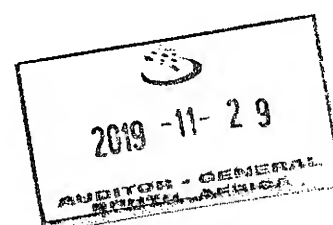
	Capital Replacement Reserve R	Housing Development Fund R	Self Insurance Reserve R	Accumulated Surplus/ (Deficit) R	Total R
Balance at 1 July 2017	3,245,451	3,781,402	626,624	395,486,141	403,139,618
Net Surplus/(Deficit) for the year	-	-	-	55,585,276	55,585,276
Net Surplus/(Deficit) previously reported	-	-	-	55,585,276	55,585,276
Transfer to/from CRR	3,539,867	-	-	(3,539,867)	-
Property, Plant and Equipment purchased	(6,863,352)	-	-	6,863,352	-
Contribution to insurance reserve	-	-	709,551	(709,551)	-
Insurance claim processed	-	-	(646,846)	646,846	-
Rounding	(3)	-	-	4	1
Interest re-allocated to funds	78,036	8,079	9,945	(96,060)	-
Balance at 30 June 2018	-	3,789,481	699,274	454,236,140	458,724,895
Correction of Error - 47	-	-	-	3,662,917	3,662,917
Restated balance	-	3,789,481	699,274	457,899,058	462,387,812
Net Surplus/(Deficit) for the year	-	-	-	594,887	594,887
Insurance claim processed	-	-	(187,695)	187,695	-
Rounding	-	(4)	-	45	-
Balance at 30 June 2019	-	3,789,477	511,578	458,681,685	462,982,699



BEAUFORT WES LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 R	2018 Restated R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Ratepayers and others		140,761,722	138,839,372
Government		110,742,808	143,647,592
Interest		4,332,279	4,498,883
Cash payments			
Suppliers and Employees		(240,211,528)	(203,631,365)
Finance Charges		(1,382,227)	(1,775,306)
Net Cash from Operating Activities	47	14,243,053	81,579,177
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(27,301,007)	(78,921,817)
Proceeds on Disposal of Fixed Assets		(187,695)	-
Purchase of Intangible Assets		(13,081)	(11,930)
Decrease/(Increase) in Other Non-Current Receivables		173,296	(376,771)
Net Cash from Investing Activities		(27,328,487)	(79,310,518)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of borrowings		(4,280,391)	(3,961,595)
Net Cash from Financing Activities		(4,280,391)	(3,961,595)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(17,365,825)	(1,692,936)
Cash and Cash Equivalents at the beginning of the year		4,944,551	6,637,487
Cash and Cash Equivalents at the end of the year	48	(12,421,274)	4,944,551
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(17,365,825)	(1,692,936)



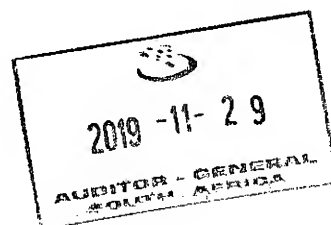
BEAUFORT WES LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010

	Original Budget	Budget Adjustments	Final Adjustment Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget	Explanations for material variances of R1m or 10%
	R	(i.t.o. s28 and s31 of the MFMA) R	R	(i.t.o. s31 of the MFMA) R	(i.t.o. Council approved by-law) R	R	2019 R	%	
ASSETS									
Current Assets									
Cash	2,161,675	4,783,325	6,945,000			6,945,000	122,612	-98.23%	Cashflow constraints
Call Investment Deposits	5,423,397	(4,406,583)	1,016,834			1,016,834	385,906	-82.04%	Cashflow constraints
Consumer Debtors	20,067,404	-	20,067,404			20,067,404	9,938,340	-50.48%	Decrease in electricity sales and increase in indigent support/increase in provision for impairment
Other Debtors	20,161,019	15,810,866	35,971,885			35,971,885	45,264,497	25.83%	Increase in fines notices
Current Portion of long-term receivables	-	784,697	784,697			784,697	807,873	2.95%	
Inventory	3,952,339	(202,385)	3,749,954			3,749,954	2,997,854	-20.06%	Cashflow constraints
Total Current Assets	51,705,834	16,789,940	68,535,774	-	-	68,535,774	59,517,152	-13.18%	
Non-Current Assets									
Long-term Receivables	1,850,485	835,517	2,695,002			2,695,002	2,521,708	-6.43%	
Investment Property	7,551,849	(548,497)	7,003,352			7,003,352	7,033,226	0.43%	
Property, Plant and Equipment	535,862,912	(11,884,120)	524,218,792			524,218,792	524,583,688	0.07%	
Intangible Assets	394,640	(1,241)	393,408			393,408	284,715	-27.63%	Incorrect classification
Other Non-Current Assets	5,395,735	(118,766)	5,276,969			5,276,969	5,225,000	-0.98%	Increase in capitalised restoration cost
Total Non-Current Assets	551,084,630	(11,497,107)	539,587,523	-	-	539,587,523	539,648,338	0.01%	
TOTAL ASSETS	602,850,464	5,272,833	608,123,297	-	-	608,123,297	599,165,488	-1.47%	
LIABILITIES									
Current Liabilities									
Bank Overdraft	-	-	-			-	12,929,852	0.00%	Cashflow constraints
Borrowing	3,206,150	-	3,206,150			3,206,150	2,377,182	-25.86%	Decrease in loans (period complete)
Consumer Deposits	1,456,196	-	1,456,196			1,456,196	1,830,542	25.71%	More deposit received than expected
Trade and Other Payables	31,521,622	14,109,880	45,631,502			45,631,502	38,700,641	-15.19%	Cashflow constraints
Provisions	8,803,681	6,635,618	15,439,299			15,439,299	18,148,999	17.55%	Increase in landfill site provision and employee benefit
Total Current Liabilities	44,987,649	20,745,498	65,733,147	-	-	65,733,147	73,987,216	12.56%	
Non-Current Liabilities									
Borrowing	9,590,604	-	9,590,604			9,590,604	6,902,620	-27.09%	Decrease in loans (period complete)
Provisions	55,595,204	-	55,595,204			55,595,204	55,202,910	-0.71%	
Total Non-Current Liabilities	65,185,808	-	65,185,808	-	-	65,185,808	62,105,531	-4.59%	
TOTAL LIABILITIES	110,173,457	20,745,498	130,918,955	-	-	130,918,955	136,182,747	4.82%	
NET ASSETS									
Accumulated Surplus/(Deficit)	487,253,610	(14,598,023)	472,655,587			472,655,587	458,681,685	-2.96%	Net effect of reasons above
Reserves	5,423,397	(874,642)	4,548,755			4,548,755	4,301,055	-5.45%	
TOTAL NET ASSETS	492,677,007	(15,472,665)	477,204,342	-	-	477,204,342	462,982,740	-2.98%	



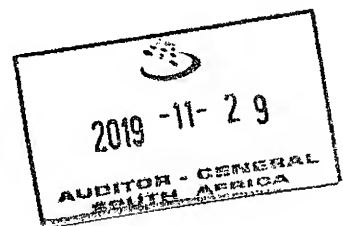
BEAUFORT WEST LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.e. s31 of the MFMA)	Virement (i.e. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget	Explanations for material variances of R1m or 10%
	R	R	R	R	R	R	2019 R	%	
REVENUE									
Property Rates	37,156,436	86,164	37,242,600			37,242,600	36,239,032	-2.69%	Increase in indigent support and discounts provided
Service Charges - Electricity Revenue	76,474,400	(5,540,700)	72,933,700			72,933,700	58,032,167	-20.43%	Decrease in electricity sales and increase in indigent support
Service Charges - Water Revenue	20,008,320	(1,237,520)	18,770,800			18,770,800	17,726,518	-5.56%	Increase in water sales
Service Charges - Sanitation Revenue	15,510,500	140,900	15,651,400			15,651,400	15,505,456	-0.59%	
Service Charges - Refuse Revenue	8,105,650	(108,200)	8,057,450			8,057,450	7,996,800	-0.75%	
Rental of Facilities and Equipment	1,375,816	(133,701)	1,242,115			1,242,115	1,076,121	-13.36%	Less of municipal properties rented out
Interest Earned - External Investments	1,260,000	(845,000)	415,000			415,000	615,060	48.43%	Favorable interest rate on investments
Interest Earned - Outstanding Debtors	2,940,000	82,220	3,022,220			3,022,220	3,716,299	22.97%	Increase in debtors from the prior year
Fines	30,428,365	20,053,365	50,482,750			50,482,750	50,449,294	-0.07%	
Licenses and Permits	628,515	(7,515)	621,000			621,000	337,210	-45.70%	Overbudget on driver licence certificates
Agency Services	750,000	-	750,000			750,000	851,625	13.55%	More commission received than expected
Transfers Recognised - Operational	102,892,800	56,023,833	158,916,633			158,916,633	77,529,856	-51.21%	Grant received for top structures - municipality is the agent
Other Revenue	4,374,848	1,182,801	5,557,649			5,557,649	3,045,599	-45.20%	mSCOA reclassifications
Total Revenue (excluding capital transfers and contributions)	303,972,650	69,696,887	373,669,537	-	-	373,669,537	273,181,967	-26.89%	
EXPENDITURE									
Employee Related Costs	103,811,052	3,668,481	107,479,533			107,479,533	106,439,030	-0.97%	
Remuneration of Councilors	6,224,943	(159,352)	6,066,591			6,066,591	6,007,500	-0.97%	
Debt Impairment	22,832,248	20,000,000	42,832,248			42,832,248	41,590,149	-2.90%	
Depreciation and Asset Impairment	19,221,748	-	19,221,748			19,221,748	19,525,536	1.58%	
Finance Charges	2,308,400	(589,278)	1,719,122			1,719,122	5,888,606	242.40%	Interest on employee benefits and landfill site
Bulk Purchases	70,500,000	(3,250,000)	67,250,000			67,250,000	63,088,212	-6.19%	Overbudget on bulk purchases electricity
Other Materials	10,719,570	(10,535,564)	9,184,006			9,184,006	6,740,819	-26.60%	mSCOA reclassifications
Contracted Services	8,639,250	102,029,455	110,668,705			110,668,705	28,730,767	-74.04%	mSCOA reclassifications
Transfers and Grants	650,000	(40,000)	610,000			610,000	671,122	10.02%	Transfer to Tourism office
Other Expenditure	65,936,389	(42,814,628)	23,121,761			23,121,761	23,841,823	3.11%	mSCOA reclassifications
Loss on Disposal of PPE	-	-	-			-	204,671	#DIV/0!	Not budgeted
Total Expenditure	319,843,690	68,310,114	388,153,804	-	-	388,153,804	382,726,238	-22.01%	
Surplus/(Deficit)	(15,871,040)	1,386,553	(14,484,487)	-	-	(14,484,487)	(29,544,271)	103.97%	
Transfers Recognised - Capital	23,087,200	9,876,734	32,963,934			32,963,934	30,103,158	-8.68%	MIG grant not fully spent
Contributed Assets	-	-	-			-	36,000	#DIV/0!	Not budgeted
Surplus/(Deficit) for the year	7,216,160	11,263,287	18,479,447	-	-	18,479,447	594,887	-86.78%	



**BEAUFORT WES LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019**

Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget	Explanations for material variances of R1m or 10%
	R	R	R	R	R	R	2019 R	%	
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Taxation	32,829,347	2,751,123	35,380,470			35,380,470	140,761,722	-18.25%	Increase in indigent support and discounts provided/increase in water sales included in ratepayers and other on actual cashflow
Service Charges	113,783,038	(3,132,387)	110,650,651			110,650,651	-	-100.00%	mSCOA reclassifications
Other Revenue	30,745,963	(4,591,680)	26,154,303			26,154,303	-	-100.00%	Grant received for top structures - municipality is the agent
Government - Operating	102,892,800	56,023,633	158,916,633			158,916,633	110,742,808	-42.29%	MIG grant not fully spent
Government - Capital	23,087,200	9,876,734	32,963,934			32,963,934	-	-100.00%	Favorable interest rate on investments/increase in debtors from prior year
Interest	4,200,000	(762,780)	3,437,220			3,437,220	4,332,270	26.04%	
Payments									
Suppliers and Employees	(274,531,204)	(49,239,362)	(323,770,596)			(323,770,596)	(240,211,528)	-25.81%	Grant received for top structures - municipality is the agent (expenditure)
Finance costs	(1,358,067)	(361,145)	(1,719,212)			(1,719,212)	(1,382,227)	-19.60%	Interest on employee benefits and landfill site
Transfers and Grants	(650,000)	40,000	(610,000)			(610,000)	-	-100.00%	Transfer to Tourism office
Net Cash from/(used) Operating Activities	36,769,077	10,804,326	41,403,403	-	-	41,403,403	14,243,053	-65.60%	
CASH FLOW FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	-	-	-			-	(187,605)	0.00%	Not budgeted for disposals
Decrease/(Increase) in Other Non-Current Receivables	-	-	-			-	173,296	0.00%	Not budgeted
Payments									
Capital Assets	(24,187,200)	(9,914,234)	(34,101,434)			(34,101,434)	(27,314,088)	-19.90%	VAT included in budget. MIG not fully spent
Net Cash from/(used) Investing Activities	(24,187,200)	(9,914,234)	(34,101,434)	-	-	(34,101,434)	(27,328,487)	-19.86%	
CASH FLOW FROM FINANCING ACTIVITIES									
Payments									
Repayment of Borrowing	(4,328,959)	134,659	(4,194,300)			(4,194,300)	(4,280,391)	2.05%	
Net Cash from/(used) Financing Activities	(4,225,660)	31,369	(4,194,300)	-	-	(4,194,300)	(4,280,381)	2.05%	
NET INCREASE/(DECREASE) IN CASH HELD	2,386,217	721,452	3,107,669	-	-	3,107,669	(17,365,825)	-658.81%	Net of reasons listed above
Cash and Cash Equivalents at the year begin.	5,196,655	(344,690)	4,854,165			4,854,165	4,944,551	1.86%	
Cash and Cash Equivalents at the year end:	7,585,072	376,762	7,961,834	-	-	7,961,834	(12,421,274)	-256.01%	



BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on the accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2015) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

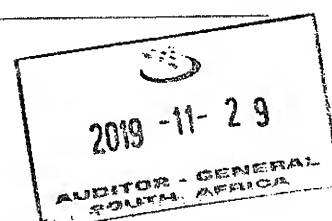
The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the annual financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

In terms of Directive 11: "Changes in Measurement Bases following the Initial Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality elected to change the measurement bases selected for Property, Plant and Equipment, Investment Property, Intangible Assets and Heritage Assets on the initial adoption of Standards of GRAP.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.



BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The mSCOA Charts are updated annually by National Treasury. The municipality has realigned items in the financial statements with the Item Segment of mSCOA Version 6.2, on which the municipality was required to transact for periods after 1 July 2018. The result of this process was a reclassification and naming of items in the annual financial statements. The reclassification of 2018 audited amounts are set out in note 45 of the annual financial statements.

1.5. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

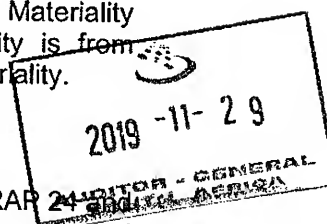
1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 guidelines issued by National Treasury. The comparison of budget and actual amounts is disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.



BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included the notes to the annual financial statements.

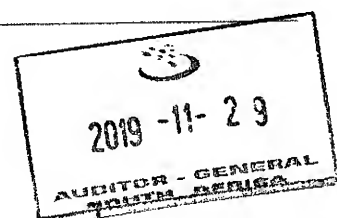
The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2018/19 financial year and municipalities are not required to apply or early adopt GRAP 18. The implementation date of GRAP 18 is 1 April 2020.

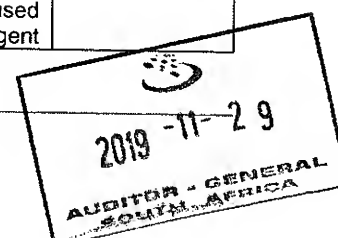
The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 20 (Original – Jun 2011)	<p><u>Related Party Disclosure</u></p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt some of the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	1 April 2019
GRAP 32 (Original – Aug 2013)	<p><u>Service Concession Arrangements: Grantor</u></p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public entity.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2019
GRAP 34 (Revised – April 2019)	<p><u>Separate Financial Statements</u></p> <p>The objective of this Standards is to prescribe the accounting and disclosure requirements in controlled entities, joint ventures</p>	Unknown



BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

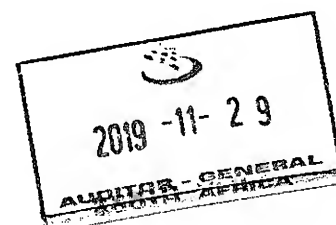
	<p>and associates when an entity prepares separate financial statements.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	
GRAP 35 (Revised – April 2019)	<p><u>Consolidated Financial Statements</u></p> <p>The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 36 (Revised – April 2019)	<p><u>Investments in Associates and Joint Ventures</u></p> <p>The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 38 (Revised - April 2019)	<p><u>Disclosure of Interest in Other Entities</u></p> <p>The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:</p> <p>a) the nature of, and risks associated with, its interest in controlled entities unconsolidated controlled entities, joint arrangements and associates, and structure entities that are not consolidated; and</p> <p>b) the effects of those interests on its financial position, financial performance and cash flows.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 104 (Revised – April 2019)	<p><u>Financial Instruments</u></p> <p>The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
GRAP 108 (Original – Sept 2013)	<p><u>Statutory Receivables</u></p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.</p>	1 April 2019
GRAP 109	<p><u>Accounting by Principles and Agents</u></p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent</p>	1 April 2019



BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	<p>arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	
GRAP 110	<p><u>Living and non-living resources</u></p> <p>The objective of this Standard is to prescribe the recognition, measurement, presentation and disclosure requirements for living resources; and disclosure requirements for non-living resources.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2020
IGRAP 17	<p><u>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</u></p> <p>The Interpretation of the Standards is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	1 April 2019
IGRAP 18	<p><u>Recognition and Derecognition of Land</u></p> <p>The Interpretation provide guidance on when an entity should recognise and derecognise land as an asset in its financial statements.</p> <p>The municipality needs to assess whether there are any changes to binding agreements that may impact its assessment of control.</p>	1 April 2019
IGRAP 19	<p><u>Liabilities to Pay Levies</u></p> <p>The Interpretation provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	1 April 2019

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.



BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.9. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund.

Housing selling schemes both complete and in progress as at 1 April 1998 were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.10. RESERVES

1.10.1. Capital Replacement Reserve (CRR)

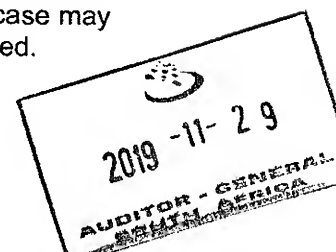
In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, funds are transferred from the accumulated surplus / (deficit) to the CRR. The cash funds in the CRR can only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items. The CRR is reduced and the accumulated surplus / (Deficit) are credited or debited, as the case may be, by a corresponding amount when the amounts in the CRR are utilized.

1.11. LEASES

1.11.1. Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance



BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.11.2. Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

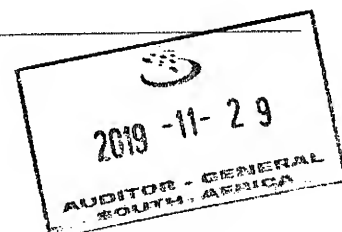
Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leases asset is diminished.

1.12. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grants are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:



BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.13. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.14. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public. Unspent public contributions are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the public contribution becomes repayable to the donor due to conditions not met, the remaining portion of the unspent public contribution is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the

BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.15. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

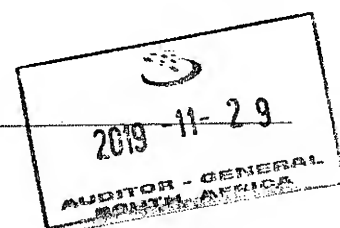
If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

1.16. EMPLOYEE BENEFITS

(a) Pension and Retirement Fund Obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.



BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

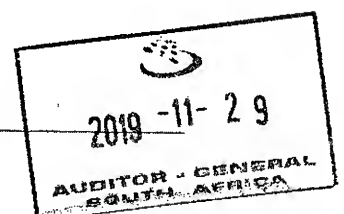
The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.



BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

(b) Post-Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

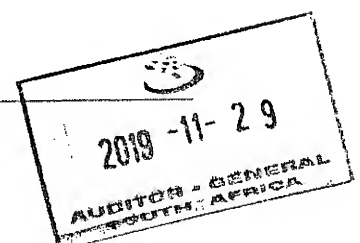
These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as employee related cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

(c) Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.



BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

(d) Ex-Gratia Pension Benefits

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee related cost upon valuation as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

(e) Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end, to a maximum of 48 days, and also on the total remuneration package of the employee.

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave, to a maximum of 48 days, will be paid out to the specific employee at the end of that employee's employment term.

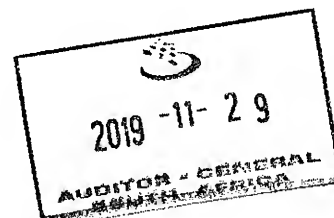
Accumulated leave is vesting.

(f) Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

(g) Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrues to Section 57 employees.



BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.17. PROPERTY, PLANT AND EQUIPMENT

1.17.1. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

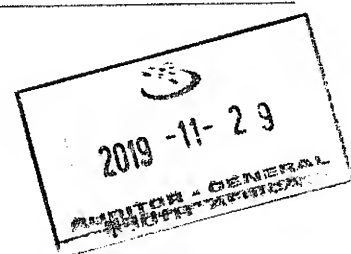
Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

1.17.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent



BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.17.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives in years:

Infrastructure

Roads	9-102
Electricity	12-68
Water	8-106
Refuse	18-30
Sewerage	10-106

Community

Cemeteries	105
Recreation sites	8-105
Community Centurms	20-105
Libraries	20-105

Other

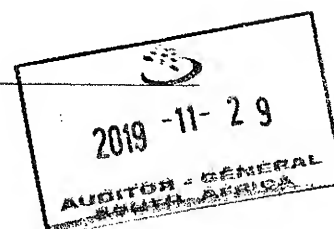
Buildings	17-105
Machinery & Equipment	2-45
Furniture and Office equipment	3-34
Computer Equipment	2-29
Transport Assets	4-72

Finance lease assets

Office equipment	2-13
Vehicles	3-8

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.



BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.17.4. De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2008. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

1.18. INTANGIBLE ASSETS

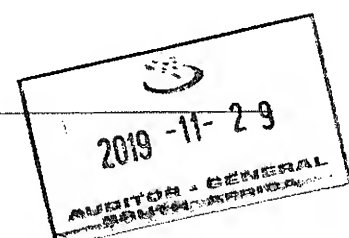
1.18.1. Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.



BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.18.2. Subsequent Measurement – Cost Model

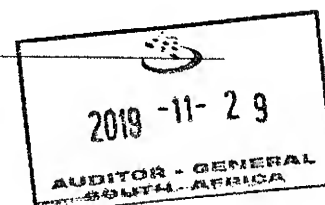
Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.18.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	5-7

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.



BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.18.4. De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

1.19. INVESTMENT PROPERTY

1.19.1. Initial Recognition

Investment property shall be recognised as an asset when and only when:

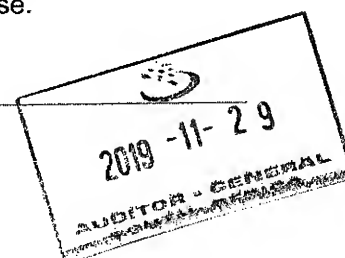
- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.



BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.19.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.19.3. Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	30-33

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

1.19.4. De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

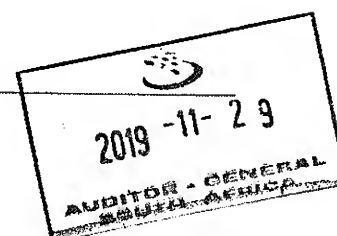
1.19.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2008.

1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.20.1. Cash generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.



BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

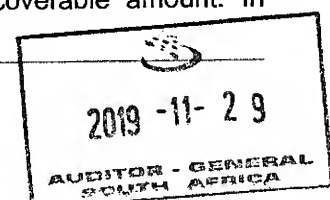
- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In



BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.20.2. Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

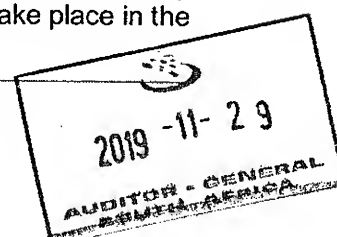
In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the



BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

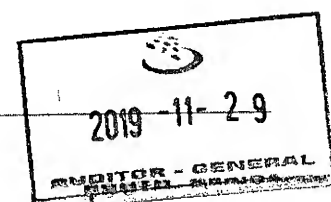
near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;

- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.



BEAUFORT WEST MUNICIPALITY
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Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.21. INVENTORIES

1.21.1. Initial Recognition

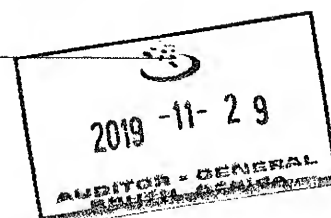
Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.21.2. Subsequent Measurement

Inventories, consisting of consumable stores, land, materials and supplies, water and work-in-progress, are valued at the lower of cost and net realisable value



BEAUFORT WEST MUNICIPALITY
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unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.22. FINANCIAL INSTRUMENTS

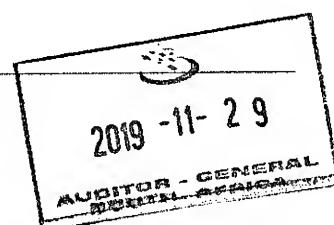
Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.22.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.22.2. Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.



BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.22.2.1. Receivables

Receivables are classified as financial assets at amortised cost and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

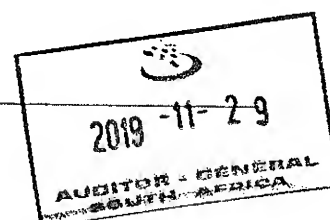
If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.22.2.2. Payables and Annuity Loans

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.22.2.3. Cash and Cash Equivalents



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Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

1.22.3. De-recognition

1.22.3.1. Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.



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1.22.3.2. Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.22.4. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.23. STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.23.1. Initial Recognition

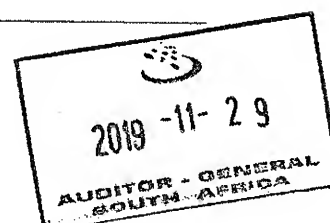
Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

1.23.2. Subsequent Measurement

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement



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of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.23.3. Derecognition

The Municipality derecognises a statutory receivable when:

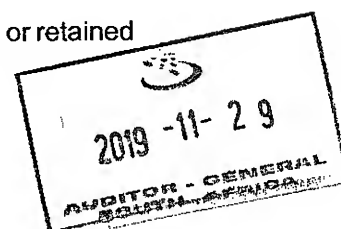
- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:
 - i. derecognise the receivable; and
 - ii. recognise separately any rights and obligations created or retained in the transfer.

1.24. REVENUE

1.24.1. Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.



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Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised by the Municipality when the receivable meets the definition of an asset.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

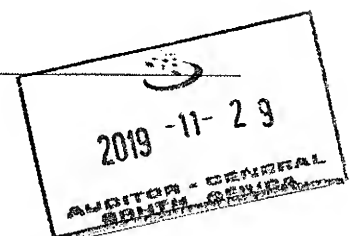
Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore, the substance of these transactions indicates that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.



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When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

Services in-kind that are significant to the Municipality's operations are recognised as assets and the related revenue when:

- it is probable that the future economic benefits or service potential will flow to the Municipality; and
- the fair value of the assets can be measured reliably.

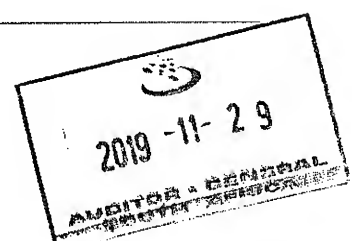
If the services in-kind are not significant to the Municipality's operations or does not satisfy the above-mentioned criteria, the Municipality only disclose the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the Municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset, because the Municipality controls the resource from which future economic benefits or service potential is expected to flow to the Municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

1.24.2. Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;



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- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the recorded number of refuse points per property.

Service charges from sanitation (sewerage) are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements.

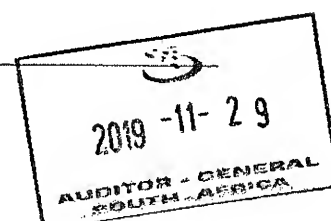
Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.



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Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

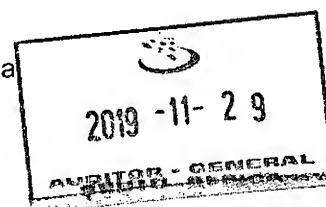
1.25. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:



BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

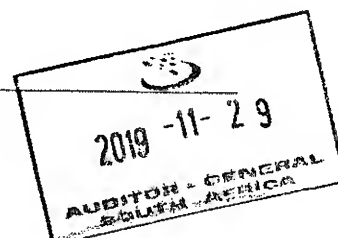
- (a) A person or a close member of that person's family is related to the Municipality if that person:
- has control or joint control over the Municipality.
 - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
 - both entities are joint ventures of the same third party.
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
 - the entity is controlled or jointly controlled by a person identified in (a).
 - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
(b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
(b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
(c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and



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- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

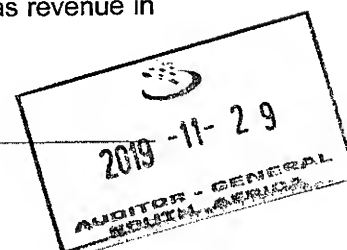
The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.26. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.



BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.28. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.30. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

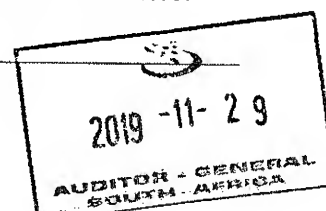
In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post-retirement medical obligations, Long service awards and Ex gratia gratuities

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 16 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.



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Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

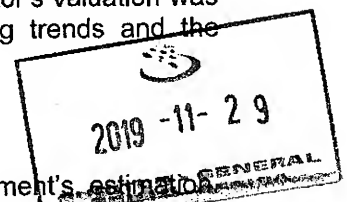
The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Municipality's asset register;
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- Cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding,



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service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

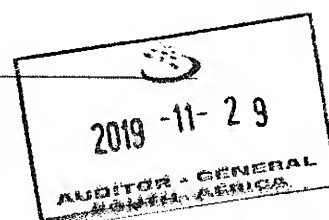
Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:



BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

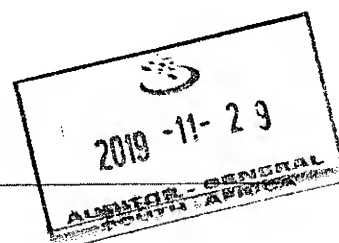
Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.31. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.



BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.32. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.33. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.34. VALUE ADDED TAX (VAT)

1.33.1 Current VAT assets and liabilities

Current VAT for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

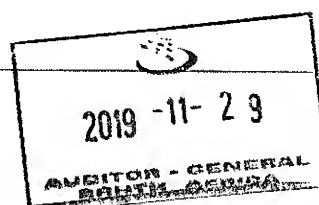
Current VAT liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/ (recovered from) the VAT authorities, using the tax rates and VAT laws that have been enacted or substantively enacted by the reporting date.

1.33.2 Deferred VAT assets and liabilities

Deferred VAT liability is recognised for all taxable temporary differences, except to the extent that the deferred VAT liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (VAT loss).

A deferred VAT asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred VAT asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused VAT to the extent that it is probable that future taxable profit will be available against which the



BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

unused VAT losses.

Deferred VAT assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and VAT laws) that have been enacted or substantively enacted by the reporting date.

1.34 HERITAGE ASSETS

1.34.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.34.2 Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.34.3 Depreciation and Impairment

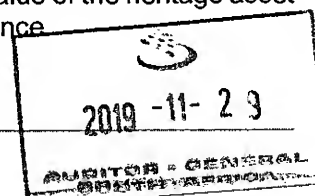
Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.34.4 De-recognition

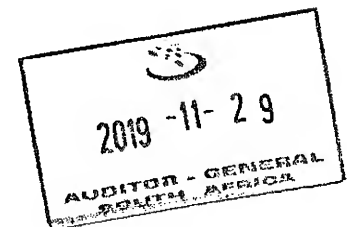
Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.



BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1.34.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

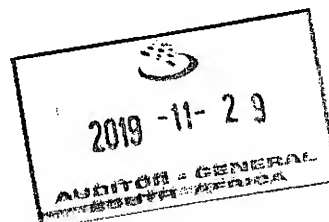


BEAUPORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2019

	Cost/Revaluation					Accumulated Impairment					Accumulated Depreciation					Carrying Value
	Opening Balance	Correction of Error	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Correction of Error	Depreciation	Disposals	
Infrastructure																
Electricity Network	95,563,882	-	17,052,189	-	-	-	107,616,071	-	-	-	-	15,393,903	-	2,854,212	-	18,248,116
Refuse Network	6,144,903	-	-	-	-	-	6,144,903	-	-	-	-	2,353,663	-	312,199	-	2,665,822
Road Network	163,620,151	-	8,639,791	-	-	-	192,459,942	-	-	-	-	46,964,497	-	5,737,783	-	52,702,280
Sanitation Network	99,643,311	-	-	-	-	-	99,643,311	-	-	-	-	12,074,229	-	3,086,777	-	15,168,006
Water Network	51,127,321	-	4,148,902	-	-	70,406	101,205,616	-	-	-	-	21,272,906	-	3,086,911	53,431	24,228,388
Capitalised restoration cost	4,042,045	-	1,214,517	-	-	-	5,256,562	271,778	2,652	-	274,431	3,716,297	-	3,392	-	3,721,354
	458,141,611		25,255,349		-	70,406	612,236,919	271,778	2,652		274,431	191,777,495		15,904,699	53,431	116,728,994
Community Assets																
Cemeteries	17,200	-	-	-	-	-	17,200	-	-	-	-	1,958	-	165	-	2,032
Community centres	8,347,783	-	-	-	-	-	8,347,783	670,478	-	-	670,478	2,058,740	-	114,032	-	2,172,712
Libraries	557,477	-	-	-	-	-	557,477	21,470	-	-	21,470	63,866	-	5,562	-	69,431
Recreation sites	17,078,116	-	1,606,546	-	-	-	18,684,663	186,621	-	-	186,621	1,233,555	-	396,631	-	1,630,186
	25,600,576		1,606,546		-	-	27,807,124	818,576	-	-	818,576	3,315,636	-	610,360	-	3,925,996
Land and Buildings																
Land	112,811,833	-	-	-	-	-	112,811,833	16,677,185	-	-	16,677,185	3,712,694	-	865,095	-	4,516,618
Buildings	43,350,280	-	-	-	-	-	43,350,280	15,146,190	-	-	15,146,190	3,712,694	-	806,985	-	4,519,588
	76,235,553		-		-	-	76,235,553	15,831,085		-	15,831,085	3,712,694		806,985		4,519,588
Other Assets																
Machinery and Equipment	3,505,393	-	66,621	-	-	-	3,632,204	-	-	-	-	1,927,592	-	393,875	-	2,231,657
Furniture and Office Equipment	3,353,310	-	120,197	-	-	-	3,473,507	-	-	-	-	1,841,968	-	276,898	-	2,117,854
Computer Equipment	4,017,609	-	302,707	-	-	-	4,320,316	-	-	-	-	2,019,502	-	478,387	-	2,517,490
Transport Assets	10,612,995	-	-	-	-	-	10,612,995	-	-	-	-	4,975,978	-	448,992	-	5,425,000
	21,489,304		489,525		-	-	22,029,239	-	-	-	-	16,844,527	-	1,995,402	-	12,353,168
Leases																
Leased office equipment	540,493	-	-	-	-	474,421	75,071	-	-	-	-	384,120	-	120,509	474,421	33,204
Leased office vehicle	7,441,321	-	438,076	-	-	114,203	7,766,400	-	-	-	-	2,395,732	-	1,223,048	114,203	3,705,469
	7,981,814		438,076		-	588,624	7,844,071	-	-	-	-	2,779,852	-	1,343,557	588,624	4,103,788
	855,294,228		28,090,199		-	659,119	683,829,687	17,827,234	2,652		17,830,116	122,673,768		19,180,479	642,143	141,212,133
Total																



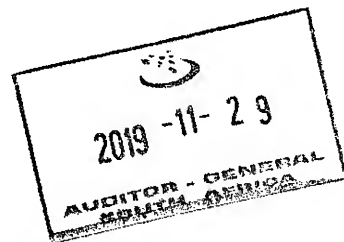
BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. PROPERTY, PLANT AND EQUIPMENT

2.2 30 JUNE 2019

	Cost/Revaluation							Accumulated Impairment				Accumulated Depreciation					Carrying Value
	Opening Balance	Correction of Error	Additions	Change in Estimate	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Correction of Error	Depreciation	Disposals	Closing Balance	
Infrastructure																	
Electricity Network	89,824,751	-	5,739,130	-	-	-	95,563,882	-	-	-	-	13,035,500	-	2,358,304	-	15,393,804	80,169,578
Railway Network	6,144,500	-	-	-	-	-	6,144,500	-	-	-	-	2,847,696	-	265,967	-	3,113,663	3,030,837
Road Network	167,325,578	-	16,284,173	-	-	-	183,609,751	-	-	-	-	41,527,087	-	6,437,430	-	47,964,517	135,645,234
Sewerage Network	90,655,808	-	8,587,443	-	-	-	99,243,251	-	-	-	-	10,132,741	-	1,941,488	-	12,074,229	87,169,022
Water Network	61,466,304	-	35,637,016	-	-	-	97,103,321	-	-	-	-	18,969,351	-	2,303,556	-	21,272,907	75,830,414
Capitalised restoration cost	291,754	-	-	(156,706)	-	-	135,048	256,306	15,411	-	271,717	3,595,978	-	23,327	-	3,769,305	51,669
	415,653,551	-	65,647,762	(156,706)	-	-	480,144,607	256,306	15,411	-	271,717	89,403,435	-	12,349,871	-	101,777,423	314,602,237
Community Assets																	
Cemeteries	17,200	-	-	-	-	-	17,200	-	-	-	-	1,701	-	167	-	1,868	16,332
Community centres	9,155,782	-	-	-	-	849,050	9,344,832	348,709	326,769	-	670,478	1,895,062	-	269,959	92,181	2,058,740	5,616,565
Libraries	857,477	-	-	-	-	-	857,477	21,470	-	-	878,947	50,572	-	5,857	-	63,400	472,137
Recreation sites	6,724,308	-	16,255,808	-	-	-	22,980,116	186,621	-	-	186,621	1,055,950	-	176,603	-	1,232,553	15,657,641
	15,485,768	-	16,255,808	-	-	-	31,741,576	256,800	326,769	-	878,947	3,006,645	-	445,625	92,181	3,348,935	21,743,676
Other Assets																	
Land	112,981,540	-	839,243	-	-	218,750	113,611,533	9,727,705	8,840,488	-	16,577,185	2,309,483	-	827,285	23,874	2,712,144	93,229,755
Buildings	43,392,280	-	836,245	-	-	218,750	44,027,275	8,196,620	6,946,480	-	16,146,100	1,521,089	-	2,509,405	23,874	3,712,664	26,246,150
	65,566,960	-	836,245	-	-	218,750	66,363,955	15,394,325	15,786,968	-	32,723,285	3,830,572	-	3,336,689	47,748	6,425,808	124,475,905
Machinery and Equipment																	
Furniture and Office Equipment	4,162,406	230,367	144,053	-	-	1,001,447	5,537,273	-	-	-	-	1,569,420	128,201	392,193	571,833	1,627,662	1,637,401
Computer Equipment	3,646,006	161,837	220,946	-	-	677,038	4,245,827	-	-	-	-	1,824,336	71,016	334,697	487,689	1,841,666	1,511,344
Transport Assets	4,107,412	248,263	305,656	-	-	643,638	4,904,311	-	-	-	-	1,583,656	136,619	434,430	456,451	2,056,602	1,515,258
	10,915,824	640,467	670,655	-	-	1,322,123	12,908,062	-	-	-	-	4,977,412	335,836	961,320	1,076,173	6,355,635	12,908,062
Leases																	
Leased office equipment	830,606	-	-	-	-	281,213	1,111,819	-	-	-	-	516,752	-	145,641	281,313	384,120	1,653,373
Leased office vehicles	2,021,027	-	548,029	-	-	508,250	2,577,306	-	-	-	-	1,676,595	-	1,104,427	508,250	2,689,372	2,888,000
	2,851,633	-	548,029	-	-	789,463	3,695,184	-	-	-	-	2,193,347	-	1,250,067	793,503	3,383,919	4,541,373
Total	678,852,625	903,108	76,517,840	(156,706)	-	4,418,605	755,244,222	16,341,873	7,285,660	-	17,827,534	107,964,830	406,000	17,201,907	2,589,600	122,473,786	614,767,487



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
2.3 Property, Plant and Equipment which is in the process of being constructed or developed:		
Infrastructure Assets	15,954,717	5,900,275
Roads	9,000,876	161,145
Storm Water	-	-
Electricity	6,414,710	5,739,130
Water Supply	539,131	-
Sanitation	-	-
Solid Waste	-	-
Rail	-	-
Coastal	-	-
Information and Communication	-	-
Community Assets	1,154,513	-
Other Assets	-	-
Total Property, Plant and Equipment under construction	17,109,230	5,900,275
	2019 R	2018 R
The movements for the year can be reconciled as follows:		
Balance at beginning of year	5,900,275	14,164,640
Expenditure during the year	26,847,371	77,840,813
Assets unbundled during the year	(15,638,416)	(86,105,178)
Balance at end of year	17,109,230	5,900,275
	2019 R	2018 R
2.4 Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:		
Infrastructure Assets	-	-
Roads	-	-
Storm Water	-	-
Electricity	-	-
Water Supply	-	-
Sanitation	-	-
Solid Waste	-	-
Rail	-	-
Coastal	-	-
Information and Communication	-	-
Community Assets	-	-
Other Assets	-	-
Total	-	-
	2019 R	2018 R
2.5 Property, Plant and Equipment where construction or development has been halted:		
Infrastructure Assets	-	-
Roads	-	-
Storm Water	-	-
Electricity	-	-
Water Supply	-	-
Sanitation	-	-
Solid Waste	-	-
Rail	-	-
Coastal	-	-
Information and Communication	-	-
Community Assets	-	-
Other Assets	-	-
Total	-	-
	2019 R	2018 R
2.6 Expenditure incurred to repair and maintain Property, Plant and Equipment:		
Employee related costs	-	-
Other materials	0	-
Contracted Services	6,833,850	15,124,402
Other Expenditure	-	-
Total Repairs and Maintenance	6,833,850	15,124,402
	2019 R	2018 R
2.7 Assets pledged as security:		
Leased Property, Plant and Equipment of R4255 532 is secured for leases as set out in Note 2.		
	2019 R	2018 R
2.8 Third party payments received for losses incurred:		
Payments received (Excluding VAT)	17,635	609,541
	2019 R	2018 R
2.9 Impairment losses of Property, Plant and Equipment		
Impairment losses on Property, Plant and Equipment recognised in Statement of Financial Performance are as follows:		
Infrastructure		
Community Assets		
Other	2652,225,964	7,285,660
Total Impairment Losses	2,652	7,285,660

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BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2.10 Effect of changes in accounting estimates

	2019 R	2019 R	2020 R
Effect on Property, plant and equipment	(5,563,239)	(5,183,255)	(5,135,677)

2.11 Contractual commitments for acquisition of Property, Plant and Equipment:

	2019 R	2018 R
Approved and contracted for:	32,606,501	37,568,340
Infrastructure	32,606,501	37,568,340
Total	32,606,501	37,568,340

	2019 R	2018 R
This expenditure will be financed from:		
Government Grants	29,873,587	40,721,644
Total	29,873,587	40,721,644

3. INVESTMENT PROPERTY

3.1 Net Carrying amount at 1 July

	2019 R	2018 R
Cost/Valuation	7,247,207	7,818,934
Accumulated Depreciation	11,075,824	11,075,824
Accumulated Impairment Loss	(3,047,917)	(2,815,674)
Transfers	(780,700)	(441,216)
Additions	-	-
Disposals - Cost	-	-
Disposals - Accumulated depreciation	-	-
Disposals - Accumulated impairment	-	-
Depreciation for the year	(213,981)	(232,243)
Impairment loss	-	(397,184)
Reversal of Impairment loss	-	57,700
Net Carrying amount at 30 June	7,033,226	7,247,207
Cost/Valuation	11,075,824	11,075,824
Accumulated Depreciation	(3,261,898)	(3,047,917)
Accumulated Impairment Loss	(780,700)	(780,700)

3.2 Revenue from Investment Property

	2019 R	2018 R
Revenue derived from the rental of Investment Property		
Sanlam Building	(139,642)	(101,428)
Total	(139,642)	(101,428)

3.3 Operating Expenditure incurred on properties:

	2019 R	2018 R
Repairs and Maintenance		
Revenue Generating	25,051	26,748
Improved Property	25,051	26,748
Unimproved Property	-	-
Non-revenue Generating	-	-
Improved Property	-	-
Unimproved Property	-	-
Total Repairs and Maintenance	25,051	26,748

	2019 R	2018 R
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There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

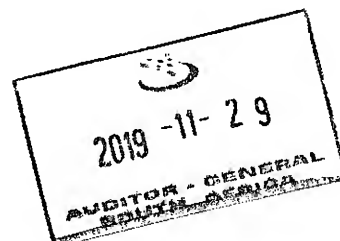
The cost model in terms of GRAP 16 is being applied on Investment Property.

There are no assets pledged as security for liabilities.

Cost at implementation of GRAP 16 was determined by valuation roll of 1 July 2009. Impairment was calculated based on valuation roll of 1 July 2018.

Estimate Fair Value of Investment Property at 30 June	13,280,000	13,262,000
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Fair value was determined by using the valuation roll of 1 July 2017.



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
4. INTANGIBLE ASSETS		
Computer System & Software		
4.1 Net Carrying amount at 1 July	400,060	103,306
Cost	938,414	926,484
Correction of Error - Note	-	1,724,419
Balance previously reported	-	(797,935)
Correction of error - Note	-	-
Accumulated Amortisation	(538,355)	(411,589)
Balance previously reported	-	(1,209,524)
Correction of error - Note	-	797,935
Accumulated Impairment Loss	-	-
Additions	13,081	11,930
Amortisation	(128,426)	(126,766)
Disposals	-	-
Transfers	-	-
Amortisation written back on disposal	-	-
Impairment Loss/ Reversal of Impairment Loss	-	-
Net Carrying amount at 30 June	284,715	400,060
Cost	951,495	938,414
Accumulated Amortisation	(666,780)	(538,355)
Accumulated Impairment Loss	-	-
	2019 R	2018 R

4.6 Material Intangible Assets included in the carrying value:

<u>Description</u>	<u>Remaining Amortisation Period</u>	<u>Carrying Value</u>
Fleet Management Program	2	38,000
MS Office	1 - 5	47,453
IMQ'S Software	2 - 3	150,574
Other Software	1 - 4	48,687

No intangible asset were assed having an indefinite useful life.

No expenditure were incurred with regards to research or development cost.

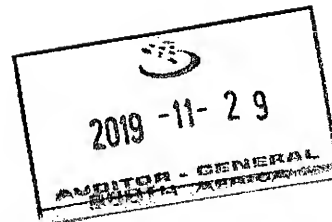
There are no internally generated intangible assets at reporting date.

There are no intangible assets in process of being constructed or developed.

There are no intangible assets whose title is restricted.

There age no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

5. HERITAGE ASSETS	2019 R	2018 R
Net Carrying amount at 1 July	5,225,000	5,225,000
Cost	5,225,000	5,225,000
Net Carrying amount at 30 June	5,225,000	5,225,000
Cost	5,225,000	5,225,000

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities.

There are no Heritage Assets that are used by the municipality for more than one purpose.

No expenditure were incurred to repair and maintain heritage assets.

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

6. NON-CURRENT RECEIVABLES FROM EXCHANGE TRANSACTIONS	2019 R	2018 R
Receivables with repay arrangements - At amortised cost	2,480,243	2,480,243
<u>Less:</u> Current portion transferred to Receivables from Exchange Transactions	(620,383)	(618,311)
Total Non-Current Receivables from Exchange Transactions	1,859,861	1,861,932

ARRANGEMENTS

Municipal account holders can make arrangements with the Municipality, agreeing to pay the outstanding accounts over a predetermined period at a fixed monthly instalment. When a monthly instalment is not paid, the account is transferred back to Trade receivables where it will be included in the calculation of Provision for Impairment.

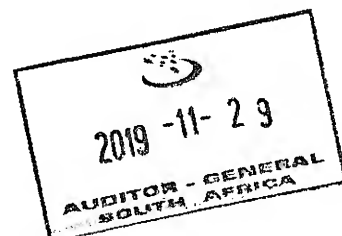
7. NON-CURRENT RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	2019 R	2018 R
Housing Selling Schemes - At amortised cost	290,001	461,643
Receivables with repay arrangements - At amortised cost	559,336	537,813
	849,337	999,456
<u>Less:</u> Current portion transferred to Receivables from Non-Exchange Transactions	(187,490)	(166,385)
Total Non-Current Receivables from Non-Exchange Transactions	661,847	833,071

HOUSING SELLING SCHEME

The outstanding amount relates to prior years and is still collectable. General public were entitled to housing loans which attract interest at 13.5% per annum and which are repayable over a maximum period of 30 years. These loans are repayable in the year 2026.

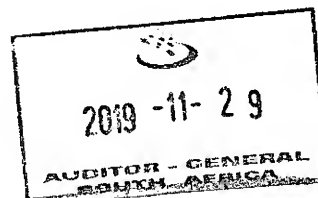
ARRANGEMENTS

Municipal account holders can make arrangements with the Municipality, agreeing to pay the outstanding accounts over a predetermined period at a fixed monthly instalment. When a monthly instalment is not paid, the account is transferred back to Trade receivables where it will be included in the calculation of Provision for Impairment.



BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
8. OPERATING LEASE ARRANGEMENTS		
8.1 The Municipality as Lessor		
Operating Lease Asset	40,363	25,161
	<u>2019 R</u>	<u>2018 R</u>
<u>Disclosed as follows:</u>		
Non-Current Operating Lease Asset	40,363	25,161
Current Operating Lease Asset	40,363	25,161
	<u>2019 R</u>	<u>2018 R</u>
<u>Reconciliation</u>		
Balance at the beginning of the year	25,161	58,746
Correction of Error - Note 48.2	-	-
Movement during the year	15,202	(33,585)
Balance at the end of the year	<u>40,363</u>	<u>25,161</u>
Beaufort West Municipality is leasing land to rate payers for periods of 2 to 99 years with various escalations per year. The leases are in respect of land being leased out for a period until 2030.		
	2019 R	2018 R
At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will pay operating lease income as follows:		
Up to 1 Year	281,696	635,568
1 to 5 Years	733,062	846,471
More than 5 Years	878,993	1,047,279
Total Operating Lease Arrangements	<u>1,893,751</u>	<u>2,529,318</u>
The lease income was determined from contracts that have a specific conditional income and does not included lease income which has a undetermined conditional income.		
	2019 R	2018 R
9. INVENTORY		
Consumables - Stationary and material - At cost	2,875,398	3,513,997
Water - at cost	122,466	57,388
Total Inventory	<u>2,997,864</u>	<u>3,571,385</u>
The municipality recognised only purification costs in respect of non-purchased purified water inventory.		
	2019 R	2018 R
9.1 Inventories recognise as an expense during the year:		
Consumables - Stationary and material - At cost	1,623,901	1,279,439
Materials and Supplies	5,116,918	2,042,669
Total	<u>6,740,819</u>	<u>3,322,108</u>
Balance previously reported		3,337,835
Correction of error - note 46.10		(15,727)
Restated balance		<u>3,322,108</u>
	2019 R	2018 R
9.2 Inventories written down due to losses as identified during the annual stores counts:		
Consumable stores materials surpluses identified during the annual stores counts.	96,754	28,073
No inventories were pledged as security for liabilities.		



BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
10. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
<i>Service Receivables</i>		
Electricity	2,780,129	11,298,291
Water	9,218,157	9,057,566
Property Rentals	53,883	63,322
Waste Management	9,305,998	8,216,936
Waste Water Management	15,414,852	14,089,888
Total Service Receivables	36,773,018	42,726,002
Less: Provision for Debt Impairment	(29,377,816)	(26,427,348)
Net Service Receivables	7,395,202	16,298,654
Other Arrears	38,850,067	34,841,747
Total: Receivables from exchange transactions (before provision)	38,850,067	34,841,747
Less: Provision for Debt Impairment	(36,306,920)	(34,780,757)
Total: Receivables from exchange transactions (after provision)	2,543,147	60,990
Total Net Receivables from Exchange Transactions	9,938,349	16,359,643
Balance previously reported		16,362,348
Correction of error - note 46.4		(5,052)
Restated balance		16,357,296

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

The fair value of receivables approximate their carrying value.

	2019 R	2018 R
<u>(Electricity): Ageing</u>		
Current (0 - 30 days)	1,439,508	8,621,954
31 - 60 Days	228,882	321,074
61 - 90 Days	119,734	106,868
+ 90 Days	992,005	2,248,395
Total	2,780,129	11,298,291

	2019 R	2018 R
<u>(Water): Ageing</u>		
Current (0 - 30 days)	2,653,458	3,278,524
31 - 60 Days	478,760	377,539
61 - 90 Days	281,004	208,347
+ 90 Days	5,804,936	5,193,156
Total	9,218,157	9,057,566

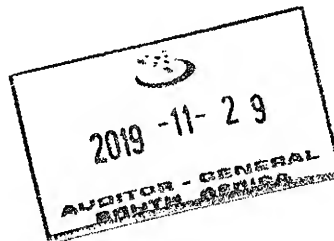
	2019 R	2018 R
<u>(Property Rentals): Ageing</u>		
Current (0 - 30 days)	2,950	4,009
31 - 60 Days	1,903	1,350
61 - 90 Days	1,903	1,126
+ 90 Days	47,128	56,837
Total	53,883	63,322

	2019 R	2018 R
<u>(Waste Management): Ageing</u>		
Current (0 - 30 days)	665,624	667,971
31 - 60 Days	351,869	306,611
61 - 90 Days	321,818	281,197
+ 90 Days	7,966,686	6,961,157
Total	9,305,998	8,216,936

	2019 R	2018 R
<u>(Waste Water Management): Ageing</u>		
Current (0 - 30 days)	1,292,864	1,222,222
31 - 60 Days	574,710	534,550
61 - 90 Days	521,839	466,526
+ 90 Days	13,025,439	11,866,590
Total	15,414,852	14,089,888

	2019 R	2018 R
<u>(Other): Ageing</u>		
Current (0 - 30 days)	942,778	838,709
31 - 60 Days	245,555	2,604,381
61 - 90 Days	125,920	1,372,034
+ 90 Days	37,535,814	30,026,623
Total	38,850,067	34,841,747

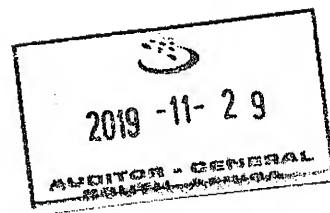
	2019 R	2018 R
<u>(Totals): Ageing</u>		



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Current (0 - 30 days)	6,997,181	14,633,388
31 - 60 Days	1,881,678	4,145,504
61 - 90 Days	1,372,218	2,436,098
+ 90 Days	65,372,008	56,352,758
Total	75,623,085	77,567,749



BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Summary of Debtors by Customer Classification

	Other	Residential	Industrial/ Commercial	National and Provincial Government
30 June 2019				
Current (0 - 30 days)				
31 - 60 Days	150,392	4,145,425	2,251,747	2,305,020
61 - 90 Days	32,509	1,420,237	294,345	134,588
+ 90 Days	17,217	1,126,411	175,354	53,236
	1,661,767	54,371,772	5,604,700	1,878,366
Sub-total	1,861,885	61,063,845	8,326,146	4,371,209
Less: Provision for Debt Impairment	(1,739,507)	(58,867,161)	(5,078,068)	-
Total debtors by customer classification	122,378	2,196,684	3,248,078	4,371,209

Summary of Debtors by Customer Classification

	Other	Residential	Industrial/ Commercial	National and Provincial Government
30 June 2018				
Current (0 - 30 days)				
31 - 60 Days	145,886	10,311,389	2,947,492	1,228,621
61 - 90 Days	37,713	1,744,514	2,149,677	213,600
+ 90 Days	26,808	2,213,492	105,500	90,298
	780,551	50,603,453	3,423,530	1,545,224
Sub-total	990,958	64,872,848	8,626,199	3,077,744
Less: Provision for Debt Impairment	(805,337)	(54,780,415)	(5,622,353)	-
Total debtors by customer classification	185,621	10,092,433	3,003,846	3,077,744

Reconciliation of Provision for Debt Impairment

	2019 R	2018 R
Balance at beginning of year		
Contribution to provision	61,208,105	51,510,437
VAT on provision	(11,980,617)	7,530,773
Reversal of provision	16,457,248	7,799,131
	-	(5,632,236)
Balance at end of year	65,684,736	61,208,106

The total amount of this provision is R67 221 830 and consist of:

	2019 R	2018 R
Services		
Other Debtors	29,377,816	26,427,348
	36,306,920	34,780,757
Total Provision for Debt Impairment on Receivables from exchange transactions	65,684,736	61,208,106

Ageing of amounts past due but not impaired:

	2019 R	2018 R
1 month past due		
2+ months past due	2,305,020	292,802
	2,066,190	1,652,409
	4,371,209	1,945,211

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

11. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2019 R	2018 R
Taxes - Rates		
Fines	11,738,323	9,605,865
Other Receivables	172,746,695	128,782,626
	10,077,480	11,623,881
Less: Provision for Debt Impairment	(194,562,499)	(150,012,373)
	(160,468,854)	(121,669,991)
Total Receivables from non-exchange transactions	34,093,645	28,342,381
Balance previously reported		
Correction of error - note 46.5		29,180,386
Restated balance		(838,005)
		28,342,381

The fair value of other receivables approximate their carrying value.

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

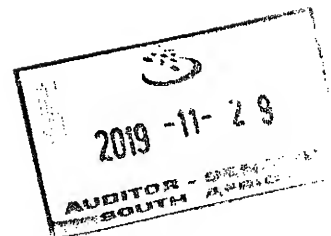
(Rates): Ageing

2019 R	2018 R
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BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Current (0 - 30 days)	1,816,010	2,017,712
31 - 60 Days	463,670	721,334
61 - 90 Days	394,517	590,229
+ 90 Days	9,064,127	6,276,590
Total	11,738,323	9,605,865
<u>(Other Receivables): Ageing</u>		
Current (0 - 30 days)	153,015	237,056
31 - 60 Days	205,159	172,750
61 - 90 Days	14,212	248,757
+ 90 Days	182,451,790	139,747,946
Total	182,824,176	140,406,508



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Summary of Debtors by Customer Classification

	Other	Residential	Industrial/ Commercial	National and Provincial Government
30 June 2019				
Current (0 - 30 days)	50,922	1,331,995	536,340	58,770
31 - 60 Days	121,188	385,159	112,637	49,844
61 - 90 Days	14,666	256,892	87,590	49,582
+ 90 Days	177,527,805	8,952,159	2,245,395	2,781,555
Sub-total	177,714,581	10,926,205	2,981,962	2,939,751
Less: Provision for Debt Impairment	(148,352,070)	(9,750,788)	(2,365,996)	-
Total debtors by customer classification	29,362,511	1,175,417	615,967	2,939,751

Summary of Debtors by Customer Classification

	Other	Residential	Industrial/ Commercial	National and Provincial Government
30 June 2018				R
Current (0 - 30 days)	43,645	1,406,300	500,105	67,661
31 - 60 Days	19,613	442,177	198,455	61,089
61 - 90 Days	16,809	390,778	123,936	58,706
+ 90 Days	129,890,036	12,996,399	1,894,575	1,902,088
Sub-total	129,970,102	15,235,655	2,717,071	2,089,545
Less: Provision for Debt Impairment	(110,196,676)	(9,338,175)	(2,135,140)	-
Total debtors by customer classification	19,773,426	5,897,479	581,931	2,089,545

Reconciliation of Provision for Debt Impairment

Balance at beginning of year	121,669,991	92,717,956
Contribution to provision	38,798,864	28,952,035
Balance at end of year	160,468,855	121,669,991
	2019 R	2018 R

The total amount of this provision (Trade Receivables from non-exchange transactions) consist of:

Taxes	12,899,554	12,831,055
Fines	147,569,300	108,838,937
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	160,468,854	121,669,991
	2019 R	2018 R

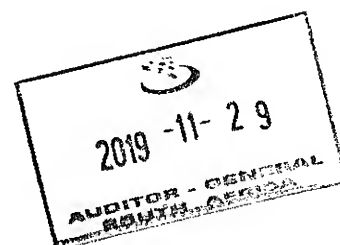
Ageing of amounts past due but not impaired

1 month past due	58,770	67,661
2+ months past due	2,880,981	2,021,883
	2,939,751	2,089,545

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

The outstanding fine receivable balance at year end is reduced to its recoverable amount by recognising a provision for impairment against the receivable raised. This is considered to be a subsequent event. The provision for impairment is based on current and past collection rates applicable to fines.



BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
12. BANK ACCOUNTS		
12.1 <u>Cash and Cash Equivalents</u>		
Current Accounts	115,942	356,816
Call Deposits and Investments	385,966	12,373,469
Cash On-hand	6,670	6,270
Total Cash and Cash Equivalents - Assets	508,579	12,736,555
	2019 R	2018 R
12.2 <u>Liabilities</u>		
Current Accounts	(12,929,852)	(7,792,004)
Total Cash and Cash Equivalents - Liabilities	(12,929,852)	(7,792,004)

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Call Investments Deposits to an amount of R6 476 812 are held to fund the Unspent Conditional Grants (2018: R3 367 018).

Bank overdraft of R8 000 000 exists at Nedbank and the Municipality has a facility of R 854 000 for Fleet Cards at Nedbank.

The municipality has the following bank accounts:

Beaufort West Nedbank - Account Number 10 7428 0318 (Primary Account):

Beaufort West Nedbank - Account Number 10 7428 0318 (Primary Account):
Bank statement balance ABSA-Account Number 409 410 8341

	2019 R	2018 R
	(12,929,852)	(7,792,004)
	115,942	356,816
	(12,813,910)	(7,435,188)

Call Deposits and Investments

Investec
ABSA
Standard Bank
Nedbank

	2019 R	2018 R
	135,532	817,322
	43,465	878,486
	17,804	2,655,530
	189,166	8,022,131
	385,966	12,373,469

Details of current accounts are as follow:

Beaufort West Nedbank - Account Number 10 7428 0318 (Primary Account):

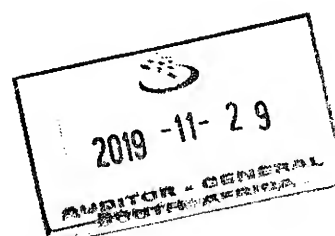
Cash book balance at beginning of year
Cash book balance at end of year
Bank statement balance at beginning of year Nedbank-Account Number 10 7428 0318
Bank statement balance at beginning of year ABSA-Account Number 409 410 8341
Bank Accounts balance at beginning of year
Bank statement balance at end of year Nedbank-Account Number 10 7428 0318
Bank statement balance at end of year ABSA-Account Number 409 410 8341
Bank Accounts balance at end of year

	2019 R	2018 R
	(7,792,004)	(288,119)
	(12,929,852)	(7,792,004)
	(7,504,267)	(1,001,975)
	-	-
	(7,504,267)	(1,001,975)
	(8,546,856)	(7,504,267)
	115,942	356,816
	(8,430,914)	(7,147,451)

Bank statement balance ABSA-Account Number 409 410 8341

Cash book balance at beginning of year
Cash book balance at end of year
Bank statement balance at beginning of year ABSA-Account Number 409 410 8341
Bank statement balance at end of year ABSA-Account Number 409 410 8341

	2019 R	2018 R
	356,816	-
	115,942	356,816
	356,816	-
	115,942	356,816



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

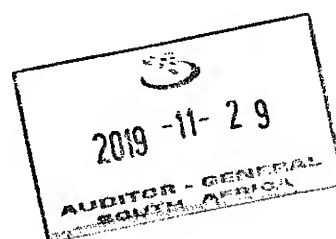
Details of call investment accounts are as follow:

	2019 R	2018 R
Investec		
Cash book balance at beginning of year	817,322	80,683
Cash book balance at end of year	135,532	817,322
Bank statement balance at beginning of year	817,322	80,683
Bank statement balance at end of year	13,923	817,322
	2019 R	2018 R
Absa		
Cash book balance at beginning of year	878,486	1,813,450
Cash book balance at end of year	43,465	878,486
Bank statement balance at beginning of year	878,486	1,813,450
Bank statement balance at end of year	180,163	878,486
	2019 R	2018 R
Standard bank		
Cash book balance at beginning of year	2,655,530	976,014
Cash book balance at end of year	17,604	2,655,530
Bank statement balance at beginning of year	2,655,530	976,014
Bank statement balance at end of year	59,841	2,655,530
	2019 R	2018 R
Nedbank		
Cash book balance at beginning of year	8,022,131	4,049,190
Cash book balance at end of year	189,166	8,022,131
Bank statement balance at beginning of year	8,027,822	4,049,190
Bank statement balance at end of year	132,039	8,027,822
	2019 R	2018 R
13. LONG-TERM BORROWINGS		
Annuity Loans - At amortised cost	7,890,922	9,415,979
Capitalised Lease Liability - At amortised cost	1,478,882	3,794,836
	9,369,804	13,210,815
Less: Current Portion transferred to Current Liabilities	(2,377,182)	(4,194,300)
Annuity Loans - At amortised cost	(1,203,759)	(1,525,057)
Capitalised Lease Liability - At amortised cost	(1,173,423)	(2,669,243)
	6,992,622	9,016,515
Total Long-term Borrowings	6,992,622	9,016,515

Annuity loans at amortised cost is calculated at 6.75%-14.00% interest rate, with last maturity date of 31 December 2029. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The DBSA loans are secured by purchase of office space (R2800 000) and Mortgage Bond (R1600 000).

Finance lease loans at amortised cost is calculated at 9.25%-10.5% interest rate, with the last maturity date of 30th of October 2020. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured.

	2019 R	2018 R
13.1 The obligations under annuity loans are scheduled below:		
		Minimum annuity payments
Amounts payable under annuity loans:		
Payable within one year	1,946,557	2,422,439
Payable within two to five years	5,715,451	5,853,581
Payable after five years	5,240,732	6,287,707
	12,902,740	14,563,727
Less: Future finance obligations	(5,011,818)	(5,147,748)
Present value of annuity loans obligations	7,890,922	9,415,979



NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Amounts payable under finance leases:

Payable within one year

Payable within two to five years

Payable after five years

2019 R	2018 R
Minimum lease payments	
1,249,909	2,940,032
324,685	1,174,732
-	-
1,574,594	4,114,764
(95,712)	(319,922)
<u>1,478,882</u>	<u>3,794,842</u>

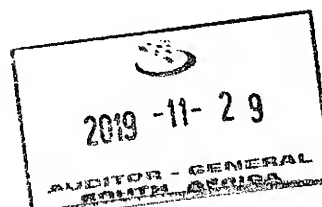
Less: Future finance obligations

Present value of finance lease obligations

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased Item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Minolta	Machine Photocopy Samsung Pro Xpress	9.75%	0%	3 Years	2018/10/30
Nashua	Machine Photocopy Nashua	9.50%	0%	3 Years	2018/06/30
Egstra	Sedan Toyota Etio's	9.25%	0%	3 Years	2018/08/30
Fintech	Machine Photocopy Ricoh MP301SPF	9.75%	0%	3 Years	2019/05/30
Fintech	Machine Photocopy Ricoh MP301SPF	9.75%	0%	3 Years	2019/05/30
Fintech	Machine Photocopy Ricoh MP301SPF	9.75%	0%	3 Years	2019/05/30
Fintech	Machine Photocopy Ricoh MP301SPF	9.75%	0%	3 Years	2019/05/30
Nashua	Machine Photocopy MPC2003SP	9.75%	0%	3 Years	2018/10/30
Egstra	Sedan Chevrolet Aveo 1.6 LS	9.25%	0%	3 Years	2019/07/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	9.25%	0%	3 Years	2019/09/30
Egstra	Sedan Chevrolet Aveo 1.6 LS	9.25%	0%	3 Years	2019/07/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	9.25%	0%	3 Years	2019/09/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	9.25%	0%	3 Years	2019/07/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	9.25%	0%	3 Years	2019/07/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	9.25%	0%	3 Years	2019/09/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	9.25%	0%	3 Years	2019/09/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	9.25%	0%	3 Years	2019/09/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	9.25%	0%	3 Years	2019/09/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	9.25%	0%	3 Years	2019/09/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	9.25%	0%	3 Years	2019/09/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	9.25%	0%	3 Years	2019/09/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	9.25%	0%	3 Years	2019/09/30
Egstra	Sedan Chevrolet Aveo 1.6 LS	9.25%	0%	3 Years	2019/07/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	9.25%	0%	3 Years	2019/09/30
Egstra	Sedan Chevrolet Aveo 1.6 LS	9.25%	0%	3 Years	2019/07/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	9.25%	0%	3 Years	2019/09/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	9.25%	0%	3 Years	2019/09/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	9.25%	0%	3 Years	2019/07/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	9.25%	0%	3 Years	2019/09/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	9.25%	0%	3 Years	2019/07/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	9.25%	0%	3 Years	2019/09/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	9.25%	0%	3 Years	2019/07/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	9.25%	0%	3 Years	2019/07/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	9.25%	0%	3 Years	2019/09/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	9.25%	0%	3 Years	2019/09/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	9.25%	0%	3 Years	2019/09/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	9.25%	0%	3 Years	2019/09/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	9.25%	0%	3 Years	2019/09/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	9.25%	0%	3 Years	2019/09/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	9.25%	0%	3 Years	2019/09/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	9.25%	0%	3 Years	2019/09/30
Egstra	Truck Refuse	9.25%	0%	3 Years	2020/02/15
Fintech	Machine Photocopy Ricoh MP301spf	9.75%	0%	3 Years	2020/01/30
Fintech	Machine Photocopy Ricoh MP301spf	9.75%	0%	3 Years	2020/01/30
Fintech	Machine Photocopy Ricoh MP301spf	9.75%	0%	3 Years	2020/01/30
Egstra	Sedan Toyota Etio's	10.50%	0%	3 Years	2020/07/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	10.50%	0%	3 Years	2021/01/31
Bidvest Bank	Ldv Isuzu KB250D Fleetside	10.50%	0%	3 Years	2021/01/31
Bidvest Bank	Ldv Isuzu KB250D Fleetside	10.50%	0%	3 Years	2019/09/30
Bidvest Bank	Ldv Isuzu KB250D Fleetside	10.50%	0%	3 Years	2019/09/30

Hire Purchases and Leases are secured by property, plant and equipment - Note 2



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

14. NON-CURRENT PROVISIONS	2019 R	2018 R
Provision for Rehabilitation of Landfill-sites	24,467,353	22,062,433
Total Non-current Provisions	24,467,353	22,062,433

The rehabilitation cost provision is for the rehabilitation of four landfill sites in the Beaufort West region. It is required from the municipality to execute an environmental management program to restore the landfill sites after its useful life. Provision has been made for this cost based on the estimated present value of future cash flows arising from the rehabilitation cost expected as at the estimated decommission dates listed below.

14.1 Landfill Sites	2019 R	2018 R
Balance 1 July	27,776,551	26,986,726
Increase in estimate	1,152,621	(883,722)
Unwinding of discounted interest	1,708,258	1,673,547
Total provision 30 June	30,637,431	27,776,551
Less: Transfer of Current Portion to Current Provisions - Note 18	(6,170,078)	(5,714,119)
Balance 30 June	24,467,353	22,062,433

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	Beaufort West	Nelspoort	Murraysburg	Merweville
Preliminary and General (Rand)	1,627,237	340,153	573,751	248,393
Site Clearance and Preparation (R2.95/m²)	135,412	17,698	37,333	14,775
Storm Water Control Measures (Rand)	1,682,508	889,863	1,114,690	546,073
Capping (Rand)	9,365,572	1,256,086	2,617,175	1,038,847
Leachate Management (Rand)	429,299	255,682	318,688	164,206
Fencing (Rand)	10,333	10,333	10,333	10,333

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows:

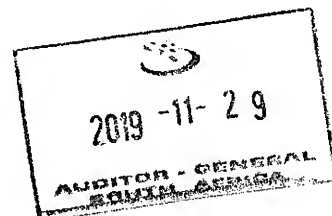
Discount Rate used	2019 %	2018 %
Discount Rate used	5.21%	5.56%

The discount rate used to calculate the present value of the rehabilitation costs at each reporting period is based on a calculated risk free rate as determined by the municipality. This rate is in line with a competitive investment rate the municipality can obtain from an A grade financial institution. This rate used is also within the inflation target range of the South African Reserve Bank of between 3% to 6%.

Other assumptions:

	Beaufort West	Nelspoort	Murraysburg	Merweville
Area (m²)	43,965	5,746	12,121	4,797
Environmental Authorisation (Closure Licence) (Rand)	438,691	438,691	-	438,691
Technical ROD (Rand)	92,644	92,644	92,644	92,644
Install Groundwater Monitoring Boreholes with lockable caps (includes drilling contractor site establishment) (Rand)	182,374	153,824	167,366	138,815
Landscape Architects (Rand)	123,111	123,111	123,111	123,111
Water use licence (Rand)	18,212	18,212	18,212	18,212
Topographical Survey (Rand)	12,436	5,575	5,575	5,575
Contingencies (Rand)	1,325,036	276,981	467,197	202,263
Engineering Professional Fees (Rand)	1,093,155	228,510	395,436	166,667
Site Supervision (Engineer's Representative) (Rand)	335,136	82,716	180,313	102,518
Site Supervision (Environmental Control Officer & OHS Agent) (Rand)	22,360	24,069	58,252	47,890

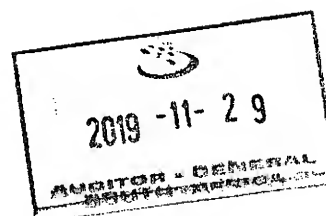
Location	Estimated	2019 R	2018 R
Beaufort West	2025	22,912,604	21,757,056
Murraysburg	2019	6,170,078	5,714,119
Nelspoort	2035	9,497,779	9,891,095
Merweville	2029	5,582,228	5,844,366
		44,162,689	43,206,656



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

15. NON-CURRENT EMPLOYEE BENEFITS	2019 R	2018 R
Post Retirement Benefits	25,974,934	24,953,802
Long Service Awards	4,733,313	4,035,030
Pension Murraysburg	27,311	27,311
Total Non-current Employee Benefits	30,735,558	29,016,143
	2019 R	2018 R
<u>Post Retirement Health Care Benefits</u>		
Balance 1 July	26,077,829	26,068,660
Contribution for the year	3,407,346	3,375,629
Expenditure for the year	(1,490,636)	(892,419)
Actuarial Loss/(Gain)	(823,726)	(2,474,041)
Total provision 30 June	27,170,813	26,077,829
<u>Less:</u> Transfer of Current Portion to Current Provisions - Note 18	(1,195,879)	(1,124,027)
Balance 30 June	25,974,934	24,953,802
	2019 R	2018 R
<u>Pension Murraysburg</u>		
Balance 1 July	27,311	25,879
Expenditure for the year	-	1,432
Total provision 30 June	27,311	27,311
<u>Less:</u> Transfer of Current Portion to Current Provisions - Note 18		
Balance 30 June	27,311	27,311
	2019 R	2018 R
<u>Long Service Awards</u>		
Balance 1 July	4,423,987	4,273,463
Contribution for the year	735,728	675,145
Expenditure for the year	(355,613)	(733,947)
Actuarial Loss/(Gain)	402,552	209,326
Total provision 30 June	5,206,654	4,423,987
<u>Less:</u> Transfer of Current Portion to Current Provisions - Note 18	(473,341)	(388,957)
Balance 30 June	4,733,313	4,035,030
<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
Balance 1 July	30,529,127	30,368,002
Contribution for the year	4,143,074	4,050,774
Expenditure for the year	(1,846,249)	(1,624,934)
Actuarial Loss/(Gain)	(421,174)	(2,264,715)
Total employee benefits 30 June	32,404,778	30,529,127
<u>Less:</u> Transfer of Current Portion to Current Provisions - Note 18	(1,669,220)	(1,512,984)
Balance 30 June	30,735,558	29,016,143
15.1 Provision for Post Retirement Health Care Benefits	2019 R	2018 R
The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	53	54
In-service (employee) non-members	348	324
Continuation members (e.g. Retirees, widows, orphans)	32	32
Total Members	433	410
	2019 R	2018 R
The liability in respect of past service has been estimated to be as follows:		
In-service members	6,819,796	8,681,567
In-service non-members	4,959,847	3,168,082
Continuation members (e.g. Retirees, widows, orphans)	15,391,170	14,228,180
Total Liability	27,170,813	26,077,829



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 R	2016 R	2015 R
In-service members	10,352,558	11,420,656	10,307,427
In-service non-members	3,028,138	3,040,795	2,809,035
Continuation members	12,687,964	12,493,657	12,030,875
Total Liability	26,068,660	26,955,108	25,147,337

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas
Hosmed
LA Health
Key Health, and
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R998,295 whereas the Interest Cost for the next year is estimated to be R2,483,153.

Key actuarial assumptions used:	2019 %	2018 %
i) Rate of interest		
Discount rate	9.34%	9.54%
Health Care Cost Inflation Rate	6.81%	7.34%
Net Effective Discount Rate	2.37%	2.05%

ii) **Mortality during employment**
SA85-90 table, adjusted for female lives.

iii) **Mortality rates post employment**

The PA 90 ultimate table, rated down by 1 year of age, with a mortality improvement p.a from 2010.

iv) **Normal retirement age**

The normal retirement age is 65 for males and 60 for females.

v) **Average retirement age**

It has been assumed that in-service members will retire at age 62 for males and 59 for females, which then implicitly allows for expected rates of early and ill-health retirement.

vi) **Continuation of membership**

It has been assumed that 75% of in-service members will remain on the Municipality's health care arrangement should they stay until retirement.

vii) **Proportion of Eligible In-Service Non-Members Joining a Scheme by Retirement**

It has been assumed that 15% of eligible in-service non-members will be on a medical scheme by retirement (should they not exit employment before then) and continue with the subsidy at and after retirement.

viii) **Proportion with a spouse dependant at retirement**

It has been assumed that 60% of eligible employees on a health care arrangement at retirement will have a spouse dependant on their medical aid.

ix) **Withdrawal from Service**

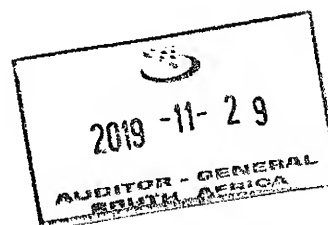
Valuation: 30 June 2019

Age	Females	Males
20	9%	9%
25	8%	8%
30	6%	6%
35	5%	5%
40	5%	5%
45	4%	4%
50	3%	3%
55	0%	0%
>55	0%	0%

iv) **Expected rate of salary increases**

2019/2020 - CPI + 1.5%
2020/2021 - CPI + 1.25%

The three-year Salary and Wage Collective Agreement ends on 30 June 2021.



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	27,170,813	26,077,829
	<u>27,170,813</u>	<u>26,077,829</u>
Net liability/(asset)	<u>27,170,813</u>	<u>26,077,829</u>
	2019 R	2018 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	26,077,829	26,068,660
Total expenses	1,916,710	2,483,210
Current service cost	971,916	893,091
Interest Cost	2,435,430	2,482,538
Benefits Paid	(1,490,636)	(892,419)
Actuarial (gains)/losses	(823,726)	(2,474,041)
Present value of fund obligation at the end of the year	<u>27,170,813</u>	<u>26,077,829</u>
Less: Transfer of Current Portion - Note 18	<u>(1,195,879)</u>	<u>(1,124,027)</u>
Balance 30 June	<u>25,974,934</u>	<u>24,953,802</u>

Sensitivity Analysis on the Accrued Liability on 30 June 2019

		In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	
Assumption					
Central Assumptions		11.780	15.391	27.171	
The effect of movements in the assumptions are as follows:					
	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Assumption					
Health care inflation	1%	14.333	17.024	31.356	15%
Health care inflation	-1%	9.775	13.993	23.768	-13%
Discount rate	1%	9.832	14.035	23.867	-12%
Discount rate	-1%	14.282	16.999	31.291	15%
Post-retirement mortality	-1 year	12.117	15.941	28.058	3%
Average retirement age	-1 year	12.831	15.391	28.223	4%
Continuation of membership at retirement	-10%	7.618	15.391	23.009	-15%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2020

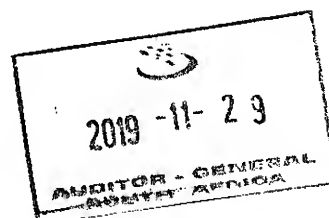
		Current Service Cost (R)	Interest Cost (R)	Total (R)	
Assumption					
Central Assumptions		998,300	2,483,200	3,481,500	
The effect of movements in the assumptions are as follows:					
	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Assumption					
Health care inflation	1%	1,245,900	2,873,800	4,119,700	18%
Health care inflation	-1%	807,500	2,165,600	2,973,100	-15%
Discount rate	1%	820,300	2,407,500	3,227,800	-7%
Discount rate	-1%	1,230,600	2,560,800	3,791,400	9%
Post-retirement mortality	-1 year	1,026,700	2,566,000	3,592,700	3%
Average retirement age	-1 year	1,080,000	2,581,400	3,661,400	5%
Continuation of membership at retirement	-10%	585,400	2,094,500	2,679,900	-23%

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	(0.353)	(0.698)
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 Rm	2016 Rm	2015 Rm
Liabilities: (Gain) / loss	(0.018)	(0.427)	(0.104)
Assets: Gain / (loss)	-	-	-



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

15.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end the following number of employees were eligible for Long Service Bonuses.

2019 R	2018 R
401	378

The Current-service Cost for the ensuing year is estimated to be R471,316 whereas the Interest Cost for the next year is estimated to be R405,929.

Key actuarial assumptions used:

2019 %	2018 %
8.16%	8.52%
5.56%	6.14%
2.46%	2.24%

i) Rate of interest

Discount rate	8.16%	8.52%
General Salary Inflation (long-term)	5.56%	6.14%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.46%	2.24%

ii) Mortality during employment

SA85-90 ultimate table, adjusted down for female lives.

iii) Withdrawal rates

Valuation: 30 June 2019

Age	Females	Males
20	9%	9%
25	8%	8%
30	6%	6%
35	5%	5%
40	5%	5%
45	4%	4%
50	3%	3%
55	0%	0%
>55	0%	0%

The amounts recognised in the Statement of Financial Position are as follows:

	2019 R	2018 R
Present value of fund obligations	5,206,654	4,423,987
Fair value of plan assets	-	-
	5,206,654	4,423,987
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
Net liability/(asset)	5,206,654	4,423,987
	2019 R	2018 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	4,423,987	4,273,463
Total expenses	380,115	(58,802)
Current service cost	375,035	340,800
Interest Cost	360,693	334,345
Benefits Paid	(355,613)	(733,947)
Actuarial (gains)/losses	402,552	209,326
Present value of fund obligation at the end of the year	5,206,654	4,423,987
Less: Transfer of Current Portion - Note 18	(473,341)	(388,957)
Balance 30 June	4,733,313	4,035,030

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

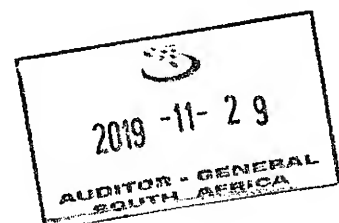
	2017 R	2016 R	2015 R
Present value of fund obligations	4,423,987	4,044,630	3,826,752
Total Liability			

Sensitivity Analysis on the Accrued Liability on 30 June 2019

Assumption	Change	Liability (Rm)	% change
Central assumptions		5,207	
General earnings inflation	1%	5,545	7%
General earnings inflation	-1%	4,901	-6%
Discount rate	1%	4,892	-6%
Discount rate	-1%	5,561	7%
Average retirement age	-2 yrs	4,485	-14%
Average retirement age	2 yrs	6,029	16%
Withdrawal rates	-50%	5,934	14%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2020

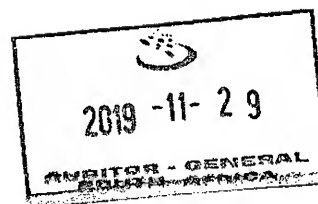
Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumptions		471,300	405,900	877,200	
General earnings inflation	1%	511,800	433,500	945,300	7%
General earnings inflation	-1%	435,400	381,000	816,400	-7%
Discount rate	1%	438,700	426,900	865,600	-1%
Discount rate	-1%	508,600	381,500	890,100	1%
Average retirement age	-2 yrs	417,600	347,100	764,700	-14%
Average retirement age	2 yrs	532,200	472,400	1,004,600	17%



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Withdrawal Rate	-50%	572,400	465,300	1,037,700	22%
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BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 Rm	2018 Rm
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	-	-
Assets: Gain / (loss)	267,841	263,943

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 Rm	2016 Rm	2015 Rm
Liabilities: (Gain) / loss	-	-	-
Assets: Gain / (loss)	540,601	33,820	133,706

15.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

CAPE JOINT PENSION FUND

	2019 R	2018 R
The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2018 revealed that the fund has a funding level of 103.7% (30 June 2017 - 102.6%).		

Contributions paid recognised in the Statement of Financial Performance

9,699,629	8,132,640
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CAPE JOINT RETIREMENT FUND

The contribution rate paid by the members (9.0%) and Council (18.0%). The last actuarial valuation performed for the year ended 30 June 2017 revealed that the fund is in a sound financial position with a funding level of 100.3% (30 June 2016 - 100.5%).

Contributions paid recognised in the Statement of Financial Performance

75,707	69,412
--------	--------

SALA PENSION FUND

The contribution rate payable is 8.60% by members and 20.78% by Council.

The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2015 - 100%). funding level, provided that the previous statutory valuation reflected at least a 100% funding level.

Contributions paid recognised in the Statement of Financial Performance

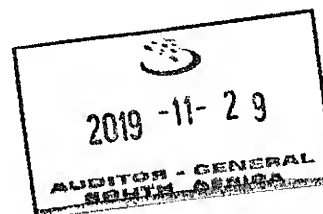
1,022,874	1,037,037
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SAMWU PROVIDENT FUND

Council contribute to the SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

539,280	500,465
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BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

16. CONSUMER DEPOSITS

	2019 R	2018 R
Electricity	1,461,879	1,161,819
Rental Properties	96,392	115,408
Water	262,696	252,190
Posters	9,576	8,050
Total Consumer Deposits	1,830,542	1,537,467

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

For guarantees held in lieu of electricity and water deposits refer to note 56

17. PROVISIONS

	2019 R	2018 R
Current Portion of Rehabilitation of Landfill Sites - Note 14	6,170,078	5,714,119
Total Provisions	6,170,078	5,714,119

The movement in current provisions are reconciled as follows:

17.1 Rehabilitation of Landfill Sites

	2019 R	2018 R
Balance at beginning of year	5,714,119	5,608,863
Contribution to provision	455,959	105,256
Balance at end of year	6,170,078	5,714,119

18. CURRENT EMPLOYEE BENEFITS

	2019 R	2018 R
Performance Bonuses	639,425	631,866
Staff Bonuses	3,039,026	2,598,110
Staff Leave	6,631,250	4,982,220
Current Portion of Non-Current Provisions	1,669,220	1,512,984
Current Portion of Post Retirement Benefits - Note 15	1,195,879	1,124,027
Current Portion of Long-Service Provisions - Note 15	473,341	388,957
Total Provisions	11,978,921	9,725,160

The movement in current provisions are reconciled as follows:

18.1 Performance Bonuses

	2019 R	2018 R
Balance at beginning of year	631,866	614,337
Transfer from non-current	-	-
Contribution to current portion	675,144	17,528
Expenditure incurred	(667,585)	-
Balance at end of year	639,425	631,866

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

18.2 Staff Bonuses

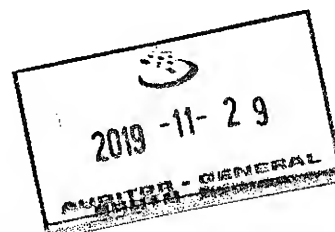
	2019 R	2018 R
Balance at beginning of year	2,598,110	2,251,875
Contribution to current portion	440,916	4,654,936
Expenditure incurred	-	(4,306,701)
Balance at end of year	3,039,026	2,598,110

Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

18.3 Staff Leave

	2019 R	2018 R
Balance at beginning of year	4,982,220	5,097,439
Contribution to current portion	2,204,932	328,262
Expenditure incurred	(555,903)	(443,481)
Balance at end of year	6,631,250	4,982,220

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
19. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Payments received in advance	7,572	511,072
Pension fund SALA	104,084	420,000
Receivable accounts with credit balances	(2,606,633)	669,524
Retentions	2,264,837	2,193,279
Sundry creditors	2,033,552	3,975,685
Sundry deposits	1,977,290	1,724,897
Trade Payables	28,443,126	41,937,788
Total Trade Payables	32,223,829	51,432,244
Less: Transfer to Non-current Trade and Other Payables from Exchange Transactions	-	(104,084)
Balance 30 June - Current Trade and Other Payables from Exchange Transactions	32,223,829	51,328,160

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

Sundry deposits include Hall, Builders and Housing Deposits.

Balance previously reported

Correction of error - note 46.8

Restated balance

53,535,180
(2,102,936)
51,432,244

20. UNSPENT TRANSFERS AND SUBSIDIES

	2019 R	2018 R
Unspent Transfers and Subsidies	6,476,812	3,379,953
National Government Grants	2,652,713	111,542
Provincial Government Grants	3,824,099	3,268,411
Less: Unpaid Transfers and Subsidies	(0)	(12,935)
Provincial Government Grants	(0)	(12,935)
Total Unspent Transfers and Subsidies	6,476,812	3,367,018

The Unspent Grants are cash-backed by term deposits or kept in the primary bank account of the municipality. Please note that the primary bank account of the municipality has a R8 million overdraft facility. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

Amount available in short term investment deposits

Available Cash for Unspent Conditional Grants and Receipts

385,966
3,367,018
385,966
3,367,018

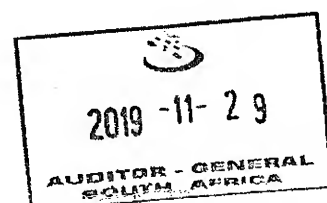
See appendix "E" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

	2019 R	2018 R
21. TAXES		
21.1 VAT Payable		
VAT Payable	(11,312)	(827,179)
VAT Output in Suspense	(875,756)	(942,259)
Less: Contribution to Provision for Doubtful Debt Impairment	8,882,048	7,196,703
Total VAT Payable	7,994,980	5,427,265
21.2 VAT Receivable		
VAT Input in Suspense	3,135,509	8,742,069
Total VAT Receivable	3,135,509	8,742,069
21.3 Net VAT (Payable)/Receivable	11,130,489	14,169,334

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

	2019 R	2018 R
22. SHORT-TERM BORROWINGS		
The Municipality has no short term borrowings.		
	2019	2018



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	R	R
23. NET ASSET RESERVES		
RESERVES	4,301,055	4,488,754
Capital Replacement Reserve	24.1 -	-
Housing Development Fund	24.2 3,789,477	3,789,481
Self Insurance Reserve	24.3 511,578	699,274
Total Net Asset Reserve and Liabilities	4,301,055	4,488,754

23.1 The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

23.2 The Housing Development Fund was established in terms of section 15 (5) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC. Any surplus/(deficit) on the Housing Department in the Statement of Financial Performance is transferred to the Housing Development Fund.

23.3 The Self Insurance Reserve is used to finance future insurance claims.

The above balances are represented by cash of R3 866.93 for the current year and R1 487 147 (2018) and is invested together with the other investments of the municipality (See Note 49)

24. PROPERTY RATES

Valuations - 1 July 2018

Rateable Land and Buildings

	2019 R	2018 R
Business and Commercial Property	5,025,378,500	4,829,994,868
Municipal Properties	389,689,000	391,219,000
National Monument Properties	192,170,000	210,811,268
Public Benefit Organisations	5,870,000	5,870,000
Public Service Infrastructure Properties	2,520,000	2,520,000
Residential Properties	2,375,000	1,661,100
State-owned Properties	1,242,710,000	1,031,122,000
Agricultural Property	261,085,000	259,705,000
Other Categories	2,775,913,500	2,778,213,500
	153,036,000	148,873,000
Total Property Rates	5,025,378,500	4,829,994,868

Actual

Rateable Land and Buildings

	2019 R	2018 R
Business and Commercial Property	47,370,149	44,019,944
Municipal Properties	9,246,488	8,763,306
National Monument Properties	139,706	131,488
Public Benefit Organisations	42,840	-
Public Service Infrastructure Properties	4,034	2,658
Residential Properties	21,117,807	20,414,817
State-owned Properties	6,196,606	4,952,954
Agricultural Property	9,438,106	8,890,283
Other Categories - church & nature reserve	993,752	864,438
Other Categories - building clause	190,811	-
	(11,131,117)	(10,144,296)
Less: Revenue Forgone	36,239,032	33,875,648
Total Assessment Rates		

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2017. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

Basic Rate

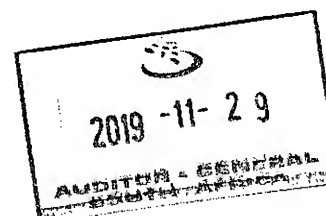
	0.017c/R	0.016c/R
Residential	0.0238c/R	0.0224c/R
Commercial	0.0034c/R	0.0032c/R
Agricultural	0.0017c/R	0.0016c/R
PSI		

Rates are levied annually and monthly. Monthly rates are payable by the 12th of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential - The first R19 000 on the valuation is exempted.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
25. GOVERNMENT GRANTS AND SUBSIDIES		
Government Grants and Subsidies - Operating	77,529,856	76,283,700
Equitable Share	56,654,542	51,060,000
Energy Efficiency and Demand Side Management	-	5,973,273
Expanded Public Works Programme Integrated Grant	1,285,000	1,574,186
Local Government Financial Management Grant	1,700,000	1,700,000
Provincial Treasury : Financial Management Support Grant	2,159,116	2,330,000
Department of Transport and Public Works : Maintenance and Construction of Transport Infrastructure	840,590	4,834,053
Department of Local Government : Thusong Services Centres Grant (Sustainability: Operational Support Grant)	264,671	-
Department of Local Government : Municipal Service Delivery and Capacity Building Grant	162,422	400,000
Provincial Treasury : Financial Management Capacity Building Grant	-	65,827
Municipal Infrastructure Grant	7,071,300	448,151
Libraries, Archives and Museums	5,373,416	5,014,421
Department of Local Government : Municipal Drought Relief Grant	1,697,948	507,566
Community Development Workers (CDW) operational support grant	-	228,420
Human settlements development grant (Beneficiaries) - Housing	-	429,155
Human Settlements - Municipal Accreditation and Capacity Building Grant	93,367	-
Human Settlements Development Grant - Acceleration of Housing Delivery (Toilet Project)	227,484	1,718,649
Government Grants and Subsidies - Capital	30,103,158	77,717,305
Integrated National Electrification Programme Grant	10,000,000	6,600,000
Municipal Infrastructure Grant	15,886,987	13,691,848
Department of Local Government : Municipal Drought Relief Grant	-	4,627,312
Department Rural Development and Land Reform	2,255,335	22,985,715
Human settlements development grant (Beneficiaries) - Housing	-	22,915,750
Human Settlements Development Grant - Acceleration of Housing Delivery (Bulk Services)	-	6,141,040
Department of Local Government : Fire Service Capacity Building Grant	-	674,966
Fire and Drought Relief	1,895,903	-
Libraries, Archives and Museums	64,933	25,350
Community Development Workers (CDW) support grant	-	55,323
Total Government Grants and Subsidies	107,633,014	154,001,006
	2019 R	2018 R
Included in above are the following grants and subsidies received:		
<u>Unconditional</u>	56,543,000	51,060,000
Equitable Share	56,543,000	51,060,000
<u>Conditional</u>	54,186,873	104,269,001
Energy Efficiency and Demand Side Management	-	6,000,000
Expanded Public Works Programme Integrated Grant	1,285,000	1,659,000
Local Government Financial Management Grant	1,700,000	1,700,000
Provincial Treasury : Financial Management Support Grant	2,500,000	2,770,000
Provincial Treasury : Financial Management Capacity Building Grant	360,000	-
Department of Transport and Public Works : Maintenance and Construction of Transport Infrastructure	840,590	4,834,053
Department of Local Government : Thusong Services Centres Grant (Sustainability: Operational Support Grant)	-	330,000
Department of Local Government : Municipal Service Delivery and Capacity Building Grant	250,000	480,000
Libraries, Archives and Museums	5,550,000	5,109,619
Community Development Workers (CDW) operational support grant	-	204,000
Human Settlements Development Grant - Title Deeds Restoration	-	696,000
Human Settlements Development Grant - Acceleration of Housing Delivery (Toilet Project)	-	1,015,000
Integrated National Electrification Programme Grant	10,000,000	6,600,000
Municipal Infrastructure Grant	25,611,000	14,139,999
Department of Local Government : Municipal Drought Relief Grant	1,697,948	5,300,000
Department Rural Development and Land Reform	2,255,335	22,985,715
Department Local Government : Internship Programme	-	-
Human Settlements Development Grant (Beneficiaries) - Housing	-	23,345,615
Human Settlements Development Grant - Acceleration of Housing Delivery (Bulk Services)	-	6,300,000
Human Settlements - Municipal Accreditation and Capacity Building Grant	224,000	-
Department of Local Government : Fire Service Capacity Building Grant	-	800,000
Fire and Drought Relief	1,913,000	-
Total Government Grants and Subsidies	110,729,873	155,329,001
Government Grants and Subsidies - Capital	30,103,158	77,717,305
Government Grants and Subsidies - Operating	77,529,856	76,283,700
	107,633,014	154,001,006

2019-11-29
AUDITOR - GENERAL
SOUTH AFRICA

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Equitable share	56,543,000	51,060,000
Executive and Council	35,120,556	31,621,588
Corporate services	200,000	-
Community and social services	6,435,221	5,372,926
Finance and administration	3,189,116	2,532,126
Planning and development	688,800	300,000
Road transport	10,963,843	11,098,069
Sport and recreation	8,151,341	5,597,171
Waste water management	3,874,232	24,549,819
Housing	76,358,851	2,147,803
Waste management	1,257,553	1,713,485
Public safety	67,674	674,966
Energy sources	20,063,090	16,861,033
Water management	17,300,736	51,532,019
Total Government Grants and Subsidies	183,671,014	154,001,006

Based on the allocations set out in the Division of Revenue Act (DoRA), no significant changes in the level of government funding are expected over the forthcoming 3 financial years.

	2019 R	2018 R
25.1 National Grants		
Opening balance	111,542	11,835,155
Grants received	97,394,335	104,144,714
Repaid to National Revenue Fund	-	(11,835,155)
Conditions met - Own Income	(3,342,279)	(6,350,049)
Conditions met - Operating	(66,560,324)	(59,838,043)
Conditions met - Capital	(24,949,960)	(37,845,061)
Conditions still to be met	2,652,713	111,542

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

	2019 R	2018 R
25.2 Provincial Grants		
Opening balance	3,255,476	1,891,283
Grants received	13,335,538	51,184,287
Interest received	-	305,188
Repaid to National Revenue Fund	-	(157,450)
Conditions met - Own Income	(799,566)	(462,292)
Conditions met - Operating	(10,266,740)	(15,283,903)
Conditions met - Capital	(1,713,544)	(34,221,637)
Conditions still to be met	3,811,164	3,255,476

The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

	2019 R	2018 R
25.3 Equitable Share		
Grants received	56,543,000	51,060,000
Transfer from Municipal Infrastructure Grant and EPWP	111,542	-
Conditions met - Operating	(56,654,542)	(51,060,000)
Conditions still to be met	0	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

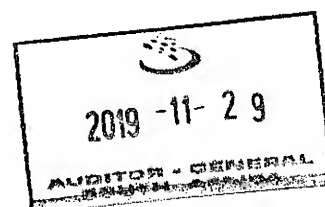
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 50kwh free electricity per month, which is funded from this grant.

All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies is based on the cost of free basic services for the geographical area concerned

See Appendix E & note 20 for a reconciliation of all grants.

	2019 R	2018 R
25.4 Local Government Financial Management Grant		
Grants received	1,700,000	1,700,000
Conditions met - Own Income	(142,867)	(200,373)
Conditions met - Operating	(1,557,133)	(1,499,627)
Conditions still to be met	0	-

To promote and support reforms in financial management of the fiscal and financial affairs of the municipality



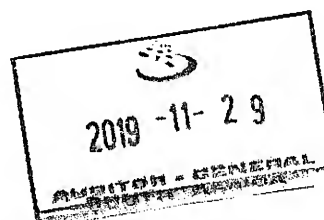
BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
25.5 Energy Efficiency and Demand Side Management Grant		
Opening balance	26,727	-
Grants received	-	6,000,000
Transfer to equitable share	(26,727)	-
Conditions met - Own Income	-	(711,055)
Conditions met - Operating	-	(5,262,218)
Conditions met - Capital	-	-
Conditions still to be met	(0)	26,727
<i>To provide subsidies to municipalities to implement energy efficiency and demand side management initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.</i>		
25.6 Municipal Infrastructure Grant (MiG)		
Opening balance	-	11,835,155
Grants received	25,611,000	14,139,999
Repaid to National Revenue Fund	-	(11,835,155)
Conditions met - Own Income	(1,599,187)	(1,737,688)
Conditions met - Operating	(7,065,952)	(446,333)
Conditions met - Capital	(14,293,147)	(11,955,978)
Conditions still to be met	2,652,713	-
<i>The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.</i>		
25.7 Integrated National Electrification Grant		
Opening balance	-	-
Grants received	10,000,000	6,600,000
Conditions met - Own Income	(1,304,348)	(860,870)
Conditions met - Operating	-	0
Conditions met - Capital	(8,695,652)	(5,739,130)
Conditions still to be met	-	-
<i>The National Electrification Grant was used for electrical connections in previously disadvantaged areas.</i>		
25.8 Expanded Public Works Programme Integrated Grant		
Opening balance	84,814	-
Correction of Error	-	-
Grants received	1,285,000	1,659,000
Transfer to equitable share	(84,814)	-
Conditions met - Own Income	(1,702)	(4,321)
Conditions met - Operating	(1,283,298)	(1,569,865)
Conditions still to be met	-	84,814
<i>To provide funding for job creation in specific focus areas.</i>		
25.9 Department Rural Development and Land Reform		
Opening balance	-	-
Grants received	2,255,335	22,985,715
Conditions met - Own Income	(294,174)	(2,835,743)
Conditions met - Capital	(1,961,160)	(20,149,973)
Conditions still to be met	-	-
<i>For the construction of five boreholes and build a pipeline from the town's reclamation plant</i>		
25.10 Human settlements development grant (Beneficiaries) - Housing		
Opening balance	710	-
Grants received	-	23,345,615
Conditions met - Operating	-	(429,155)
Conditions met - Capital	-	(22,915,750)
Conditions still to be met	710	710
<i>The Housing grant was utilised for the development of erven and the erection of top structures.</i>		
25.11 Human Settlements Development Grant - Acceleration of Housing Delivery (Toilet Project)		
Opening balance	227,484	906,341
Grants received	-	1,015,000
Interest received	-	24,791
Conditions met - own income	(4,430)	(24,802)
Conditions met - Operating	(223,054)	(1,693,846)
Conditions still to be met	(0)	227,484
<i>To fund housing within municipalities that demonstrated capacity to plan and deliver housing rapidly, with emphasis on rural areas.</i>		



BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
25.12 Human Settlements Development Grant - Acceleration of Housing Delivery (Bulk Services)		
Opening balance	203,871	-
Grants received	-	6,300,000
Interest received	-	44,911
Conditions met - Capital	-	(6,141,040)
Conditions still to be met	<u>203,871</u>	<u>203,871</u>
<i>To fund housing within municipalities that demonstrated capacity to plan and deliver housing rapidly, with emphasis on rural areas.</i>		
	2019 R	2018 R
25.13 Human Settlements Development Grant - Title Deeds Restoration		
Opening balance	705,775	-
Grants received	-	696,000
Interest received	-	9,775
Conditions still to be met	<u>705,775</u>	<u>705,775</u>
<i>To assist with the registration backlog in terms of housing provided.</i>		
	2019 R	2018 R
25.14 Human Settlements - Municipal Accreditation and Capacity Building Grant		
Opening balance	-	-
Grants received	224,000	-
Conditions met - Operating	(93,367)	-
Conditions still to be met	<u>130,633</u>	<u>-</u>
<i>The purpose of grant is to fund salary of the capacity building clerk for a period of twelve months.</i>		
	2019 R	2018 R
25.15 Provincial Treasury : Financial Management Capacity Building Grant		
Opening balance	372,357	61,080
Grants received	360,000	-
Interest received	-	6,801
Transfer from Financial Management Support Grant	-	370,304
Conditions met - Operating	-	(65,827)
Conditions still to be met	<u>732,357</u>	<u>372,357</u>
<i>To develop financial human capacity within the municipal area to enable a sustainable local financial skills pipeline that is responsive to the municipalities requirement to enable sound and sustainable financial management and good financial governance.</i>		
	2019 R	2018 R
25.16 Provincial Treasury : Financial Management Support Grant		
Opening balance	233,471	279,610
Grants received	2,500,000	2,770,000
Interest received	-	41,615
Transfer to Financial Management Capacity Building Grant	-	(370,304)
Repaid to National Revenue Fund	-	(157,450)
Conditions met - own income	(300,226)	(210,680)
Conditions met - Operating	(1,858,690)	(2,119,320)
Conditions still to be met	<u>574,355</u>	<u>233,471</u>
<i>To provide financial assistance to the municipality to improve overall financial governance. The grant was used for revenue enhancement, asset verifications, monitoring of performance, compilation of GRAP AFS, internal audits and implementation of mSCOA.</i>		
	2019 R	2018 R
25.17 Department of Transport and Public Works : Maintenance and Construction of Transport Infrastructure		
Opening balance	-	-
Grants received	840,590	4,834,053
Conditions met - Operating	(840,590)	(4,834,053)
Conditions still to be met	<u>-</u>	<u>-</u>
<i>To financial assist the municipality with maintenance and construction of municipal main roads, where the municipality is the road authority.</i>		
	2019 R	2018 R
25.18 Department of Cultural Affairs and Sport : Library Service: Replacement Funding		
Opening balance	234,342	63,534
Grants received	5,550,000	5,109,619
Interest received	-	100,961
Conditions met - Operating	(5,373,416)	(5,014,421)
Conditions met - Capital	(64,933)	(25,350)
Conditions still to be met	<u>345,993</u>	<u>234,342</u>
<i>To support municipal investment in library services and sustain the future professional delivery and development of library services.</i>		



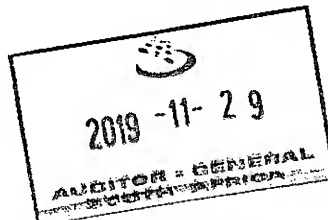
BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
25.19 Department of Cultural Affairs and Sport : Development of Sport and Recreation		
Opening balance	550,866	522,254
Interest received	-	28,611
Conditions still to be met	<u>550,866</u>	<u>550,866</u>
<i>Provision of Sport and Recreation facilities in especially previously disadvantage areas.</i>		
	2019 R	2018 R
25.20 Department of Local Government : Fire Service Capacity Building Grant		
Opening balance	154,074	-
Grants received	-	800,000
Interest received	-	29,040
Conditions met - own income	-	(84,048)
Conditions met - Capital	-	(590,918)
Conditions still to be met	<u>154,074</u>	<u>154,074</u>
<i>To provide financial assistance to municipalities to ensure functional emergency communication, mobilisation systems and fire services.</i>		
	2019 R	2018 R
25.21 Department of Local Government : Community Development Workers (CDW) Operational Support Grant		
Opening balance	(12,935)	58,465
Grants received	-	204,000
Interest received	-	8,343
Transfer	12,935	-
Conditions met - own income	-	(17,300)
Conditions met - Operating	-	(219,714)
Conditions met - Capital	-	(46,728)
Conditions still to be met	<u>(0)</u>	<u>(12,935)</u>
<i>To provide financial assistance to the municipality to cover operational and capital costs pertaining to line functions of community development workers including supervisors and regional coordinators.</i>		
	2019 R	2018 R
25.22 Department of Local Government : Thusong Services Centres Grant (Sustainability: Operational Support Grant)		
Opening balance	338,187	-
Grants received	-	330,000
Interest received	-	8,187
Conditions met - own income	(26,146)	-
Conditions met - Operating	(238,524)	-
Conditions still to be met	<u>73,517</u>	<u>338,187</u>
<i>To provide financial assistance to the municipality, ensuring the financial sustainability to the Thusong Service Centre.</i>		
	2019 R	2018 R
25.23 Department of Local Government : Municipal Drought Relief Grant		
Opening balance	165,122	-
Grants received	1,697,948	5,300,000
Conditions met - own income	(221,471)	(125,462)
Conditions met - Operating	(1,476,477)	(507,566)
Conditions met - Capital	-	(4,501,850)
Conditions still to be met	<u>165,122</u>	<u>165,122</u>
<i>Drought relief financial assistance to the municipality to augment water supply and bulk infrastructure capacity.</i>		
	2019 R	2018 R
25.24 Department of Local Government : Municipal Service Delivery and Capacity Building Grant		
Opening balance	82,152	-
Grants received	250,000	480,000
Interest received	-	2,152
Conditions met - Operating	(162,422)	(400,000)
Conditions still to be met	<u>169,730</u>	<u>82,152</u>
<i>To provide financial assistance to the municipalities to improve infrastructure, systems, structures, corporate governance and service delivery.</i>		
	2019 R	2018 R
25.25 Fire and Drought Relief		
Opening balance	-	-
Grants received	1,913,000	-
Conditions met - own income	(247,292)	-
Conditions met - Capital	(1,648,611)	-
Conditions still to be met	<u>17,097</u>	<u>-</u>
<i>To assist with the impact of climate change in the province.</i>		

2019-11-29
AUDITOR - GENERAL
EQUITA AFRICA

BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

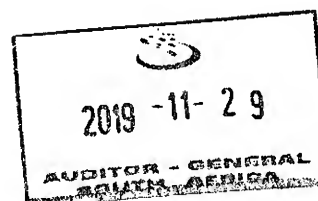
	2019 R	2018 R
25.26 Total Grants		
Opening balance	3,367,018	13,726,439
Grants received	110,729,873	155,329,001
Interest received	-	305,188
Transfer	12,935	-
Repaid to National Revenue Fund	-	(11,992,605)
Conditions met - own income	(4,141,844)	(6,812,341)
Conditions met - Operating	(76,827,665)	(75,121,945)
Conditions met - Capital	(26,663,504)	(72,066,718)
	<u>6,476,812</u>	<u>3,367,018</u>
Conditions still to be met/(Grant expenditure to be recovered)		
	2019 R	2018 R
Disclosed as follows:		
Unspent Conditional Government Grants and Receipts	6,476,812	3,379,953
Unpaid Conditional Government Grants and Receipts	(0)	(12,935)
	<u>6,476,812</u>	<u>3,367,018</u>
Total	<u>2019 R</u>	<u>2018 R</u>
26. CONTRIBUTED PROPERTY, PLANT AND EQUIPMENT		
Department Information Technology	36,000	-
Department of Libraries	-	155,232
	<u>36,000</u>	<u>155,232</u>
Total Contributed Property, Plant and Equipment	<u>2019 R</u>	<u>2018 R</u>
27. LICENCES AND PERMITS		
Road and Transport	337,210	329,726
	<u>337,210</u>	<u>329,726</u>
Total Licences and Permits	<u>2019 R</u>	<u>2018 R</u>
Disclosed as follows:		
Revenue from Non-Exchange Transactions	35,383	41,964
Revenue from Exchange Transactions	301,827	287,763
	<u>337,210</u>	<u>329,726</u>
Total Licences and Permits	<u>2019 R</u>	<u>2018 R</u>
28. SERVICE CHARGES		
Electricity	58,032,167	67,070,824
Service Charges	63,864,591	71,035,350
Less: Revenue Forgone	(5,832,425)	(3,964,526)
	<u>17,226,518</u>	<u>18,787,685</u>
Water		
Service Charges	28,558,068	30,629,110
Less: Revenue Forgone	(10,831,550)	(11,841,425)
	<u>7,996,809</u>	<u>7,412,818</u>
Waste Management		
Service Charges	9,254,362	8,488,301
Less: Revenue Forgone	(1,257,553)	(1,075,483)
	<u>15,565,458</u>	<u>14,150,841</u>
Waste Water Management		
Service Charges	19,439,690	17,634,155
Less: Revenue Forgone	(3,874,232)	(3,483,314)
	<u>99,320,952</u>	<u>107,422,169</u>
Total Service Charges	<u>2019 R</u>	<u>2018 R</u>
Revenue Forgone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
29. SALES OF GOODS AND RENDERING OF SERVICES		
Building Plan Approval	137,642	141,819
Cemetery and Burial	288,341	299,894
Cleaning and Removal	1,640	2,974
Drainage Fees	24,907	36,261
Encroachment Fees	797	803
Entrance Fees	31,066	83,223
Immunisation Fees	30	5,756
Photocopies and Faxes	25,798	28,654
Sale of Goods	24,070	43,770
Valuation Services	50,764	51,153
	<u>585,044</u>	<u>694,306</u>
Total Sales of Goods and Rendering of Services	<u>2019 R</u>	<u>2018 R</u>



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
30. RENTAL FROM FIXED ASSETS		
Investment Property	745,235	641,247
Property, Plant and Equipment	330,886	494,153
Total Rental from Fixed Assets	1,076,121	1,135,400
31. INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	615,980	851,203
Total Interest Earned - External Investments	615,980	851,203
32. INTEREST EARNED - EXCHANGE TRANSACTIONS		
Trade Receivables	2,732,321	2,821,683
Total Interest Earned - Outstanding Receivables	2,732,321	2,821,683
33. OPERATIONAL REVENUE		
Administrative Handling Fees and Photocopies	963,186	412,904
Breakages and Losses Recovered	180,839	-
Commission of insurances	109,322	98,550
Discounts and Early Settlements	48,136	1,105
Incidental Cash Surpluses	25,555	15,923
Inspection Fees	5,264	5,497
Insurance Refund	15,335	609,541
Registration Fees	182,114	173,912
Request for Information	359	19
Landfill site adjustment	61,895	724,012
Sale of Property	44,823	(5,052)
Total Operational Revenue	1,636,828	2,036,412
Balance previously reported		904,547
Correction of error - note 46.10		407,852
Reclassification - note 45		724,012
Restated balance		2,036,412
34. EMPLOYEE RELATED COSTS		
Acting Allowance	1,563,651	1,455,249
Basic Salaries and Wages	71,421,216	66,780,643
Bargaining council	18,813	-
Bonuses	5,189,428	4,654,937
Cell Phone Allowance	210,924	-
Essential users	2,272,243	1,772,595
Group Insurance	43,227	44,061
Housing Allowances	924,112	915,055
Medical Aid Contributions	1,662,241	1,544,490
Overtime	4,919,343	3,282,592
Payments in lieu of leave	2,204,932	328,262
Pension and UIF Contributions	11,656,648	10,187,237
Performance bonus	675,144	17,528
Scarcity allowance	228,408	231,219
Standby Allowances	1,958,409	1,525,878
Transport Allowances	347,500	359,316
Uniform Allowance	100,035	80,087
Post retirement obligations	1,062,755	1,248,891
Current Service Cost - Long Service Awards - Note 15.2	375,035	355,800
Current Service Cost - Medical - Note 15.1	687,720	893,091
Interest Cost	-	-
Total Employee Related Costs	106,439,030	94,428,040
Balance previously reported		94,429,157
Correction of error note - 46.6		(1,116)
Restated balance		94,428,041



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

KEY MANAGEMENT PERSONNEL

The Municipal Manager and the CFO are appointed on 5-year fixed contracts and the Directors Electrical Services and Corporate Services are permanently employed.
There are no post-employment or termination benefits payable to them at the end of the contract periods.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager - K.Haarhoff

	2019 R	2018 R
Basic Salary	1,005,905	668,488
Cell Phone Allowance	30,000	20,000
Contributions, Medical and Pension Funds	195,594	46,522
Motor Vehicle Allowance	111,500	90,000
Performance Bonus	116,785	-
Total	1,459,784	825,010

Remuneration of Director : Financial Services: CJ Kymdell

	2019 R	2018 R
Basic Salary	963,714	853,740
Cell Phone Allowance	14,000	9,000
Motor Vehicle Allowance	96,000	88,000
Performance Bonus	107,891	-
Total	1,181,605	950,740

Acting period

Remuneration of Director : Electrical Services: RE van Staden

	2019 R	2018 R
Acting Allowance	-	38,254
Basic Salary	843,444	812,608
Cell Phone Allowance	6,000	-
Contributions Medical and Pension Funds	167,310	142,745
Motor Vehicle Allowance	72,000	72,000
Payments in lieu of leave	143,641	-
Performance Bonus	250,555	-
Total	1,482,950	1,065,607

Remuneration of the Acting Director Community Services: RE Klink

	2019 R	2018 R
Acting Allowance	122,226	-
Basic Salary	-	541,540
Contributions, Medical and Pension Funds	-	95,588
Motor Vehicle Allowance	-	49,316
Total	122,226	686,444

R.E Klink acted as Director Community services for the period February 2019 to April 2019.

Remuneration of the Acting Director Community Services: V Ruiters

	2019 R	2018 R
Acting Allowance	110,712	10,158
Basic Salary	162,859	-
Total	273,571	10,158

V.Ruiters acted as Director Community services for the period July 2018 to November 2018.

Remuneration of the Acting Director Community Services: H.T Prince

	2019 R	2018 R
Basic Salary	60,038	-
Cell Phone Allowance	1,500	-
Contributions, Medical and Pension Funds	13,255	-
Motor Vehicle Allowance	8,000	-
Total	82,794	-

H.T Prince acted as Director Community services for the period 1 to 30 June 2019.

Remuneration of the Director Engineering Services: NL Kotze

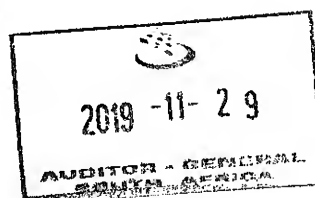
	2019 R	2018 R
Basic Salary	925,924	679,587
Cell Phone Allowance	6,000	1,500
Motor Vehicle Allowance	82,425	10,284
Payments in lieu of leave	12,781	16,888
Total	1,027,129	708,260

Remuneration of the Acting Director Engineering Services: CB Wright

	2019 R	2018 R
Acting Allowance	-	48,033
Total	-	48,033

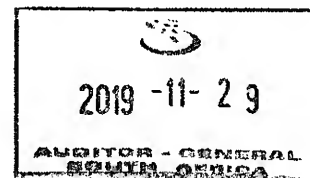
Remuneration of the Director Corporate Services: AC Makendiana

	2019 R	2018 R
Acting Allowance	853,263	819,090
Basic Salary	10,000	6,000
Cell Phone Allowance	169,491	148,263
Contributions, Medical and Pension Funds	60,000	60,000
Motor Vehicle Allowance	143,855	-
Performance Bonus	-	-
Total	1,236,609	1,033,353



BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

35. REMUNERATION OF COUNCILLORS	2019 R	2018 R
<i>Total Remuneration of Councillors</i>		
Annual Remuneration	4,353,764	4,865,896
Telephone Allowance	530,400	404,700
Travelling	655,841	555,297
Tools of trade	46,800	23,221
Pension	383,757	209,485
Medical	36,938	9,840
Total	6,007,500	6,068,438
 <i>Remuneration of Councillor: H.T. Prince</i>		
Annual Remuneration	387,701	277,249
Telephone Allowance	37,400	31,800
Travelling	148,570	93,258
Tools of trade	3,300	1,621
Pension	57,094	20,763
Medical	7,994	-
Total	642,060	424,691
H.T Prince was Deputy Mayor for the period 1 July 2018 to 31 May 2019.		
 <i>Remuneration of Councillor: Q.Louw</i>		
Annual Remuneration	55,183	-
Telephone Allowance	3,400	-
Tools of trade	300	-
Total	58,883	-
Q.Louw was Deputy Mayor for the period 1 June 2019 to 30 June 2019.		
 <i>Remuneration of Councillor: S.M. Motsoane</i>		
Annual Remuneration	420,357	261,520
Telephone Allowance	40,800	31,800
Travelling	162,366	93,258
Tools of trade	3,600	1,875
Pension	63,535	36,492
Total	690,658	424,945
 <i>Remuneration of Councillor: A.M. Slabbert</i>		
Annual Remuneration	200,887	522,409
Telephone Allowance	40,800	31,800
Travelling	64,229	123,322
Tools of trade	3,600	1,875
Total	309,515	679,406
	2019	2018
	R	R
 <i>Remuneration of Councillor: D.E. Welgemoed</i>		
Annual Remuneration	147,642	52,693
Telephone Allowance	40,800	13,600
Travelling	64,229	20,990
Tools of trade	3,600	1,200
Pension	21,137	6,930
Medical	28,944	9,840
Total	306,352	105,253
	2019	2018
	R	R
 <i>Remuneration of Councillor: E Wentzel</i>		
Annual Remuneration	231,605	581,389
Telephone Allowance	40,800	31,800
Tools of trade	3,600	1,875
Pension	33,511	64,342
Total	309,515	679,406
 <i>Remuneration of Councillor: E Lawrence</i>		
Annual Remuneration	228,441	228,953
Telephone Allowance	40,800	31,800
Tools of trade	3,600	1,875
Pension	33,511	31,924
Total	306,352	294,552



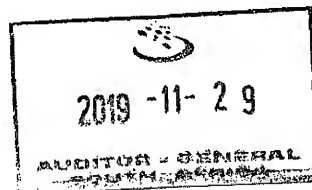
BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Remuneration of Councillor: O Haarvoor		
Annual Remuneration	264,788	605,936
Telephone Allowance	40,800	31,800
Tools of trade	3,600	1,875
Total	309,188	639,611
Remuneration of Councillor: ZJD Lambert		
Annual Remuneration	261,952	260,877
Telephone Allowance	40,800	31,800
Tools of trade	3,600	1,875
Total	306,352	294,552
Remuneration of Councillor: K Alexander		
Annual Remuneration	-	112,449
Telephone Allowance	-	9,500
Tools of trade	-	(225)
Total	-	121,724
Remuneration of Councillor: MA Kilani		
Annual Remuneration	394,737	242,008
Telephone Allowance	40,800	31,800
Travelling	152,219	75,565
Tools of trade	3,600	1,875
Pension	59,563	29,569
Total	650,919	380,817
Remuneration of Councillor: N Constable		
Annual Remuneration	769,223	445,203
Telephone Allowance	40,800	31,800
Tools of trade	3,600	1,875
Pension	35,989	-
Total	849,612	478,878
Remuneration of Councillor: JJ van der Linde		
Annual Remuneration	202,195	656,009
Telephone Allowance	40,800	31,800
Travelling	64,228	148,904
Tools of trade	3,600	1,875
Total	310,824	838,588
	2019	2018
	R	R
Remuneration of Councillor: L Deyce		
Annual Remuneration	527,101	358,322
Telephone Allowance	40,800	31,800
Tools of trade	3,600	1,875
Pension	79,418	19,465
Total	650,919	411,462
Remuneration of Councillor: L Basson		
Annual Remuneration	261,952	260,877
Telephone Allowance	40,800	31,800
Tools of trade	3,600	1,875
Total	306,352	294,552

In-kind Benefits

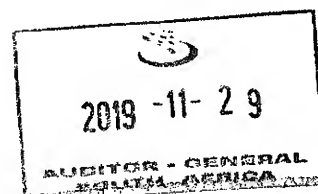
The Executive Mayor, Executive Deputy Mayor, Speaker, Chief Whip and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Council. The Executive Mayor may utilise official Council transportation when engaged in official duties.



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

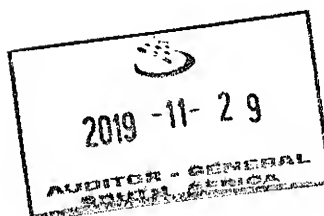
	2019 R	2018 R
36. CONTRACTED SERVICES		
Consultants and Professional Services	11,378,857	9,276,713
Consultants and Professional Services: Business and Advisory: Accounting and Auditing	5,650,099	7,254,509
Consultants and Professional Services: Business and Advisory: Audit Committee	46,500	22,000
Consultants and Professional Services: Business and Advisory: Business and Financial Management	2,615,473	114,654
Consultants and Professional Services: Business and Advisory: Human Resources	1,576,376	98,902
Consultants and Professional Services: Business and Advisory: Occupational Health and Safety	145,153	-
Consultants and Professional Services: Business and Advisory: Organisational	429,999	591,849
Consultants and Professional Services: Business and Advisory: Quality Control	2,608	-
Consultants and Professional Services: Business and Advisory: Research and Advisory	159,448	156,295
Consultants and Professional Services: Business and Advisory: Valuer and Assessors	9,835	-
Consultants and Professional Services: Infrastructure and Planning: Engineering: Civil	15,452	-
Consultants and Professional Services: Infrastructure and Planning: Engineering: Geoinformatic Services	26,087	-
Consultants and Professional Services: Infrastructure and Planning: Land and Quantity Surveyors	32,213	-
Consultants and Professional Services: Infrastructure and Planning: Town Planner	260	5,517
Consultants and Professional Services: Laboratory Services: Water	119,010	130,338
Consultants and Professional Services: Legal Cost: Collection	29,314	86,376
Consultants and Professional Services: Legal Cost: Issue of Summons	41,343	-
Consultants and Professional Services: Legal Cost: Legal Advice and Litigation	479,686	816,273
Contractors	8,050,607	20,836,492
Contractors: Building	-	427,256
Contractors: Catering Services	80,633	20,321
Contractors: Electrical	-	4,962,218
Contractors: Fire Protection	-	-
Contractors: Interior Decorator	8,115	-
Contractors: Maintenance of Buildings and Facilities	5,223	-
Contractors: Maintenance of Equipment	765,373	886,840
Contractors: Maintenance of Unspecified Assets	2,659,128	3,542,017
Contractors: Management of Informal Settlements	3,409,350	10,695,545
Contractors: Plants, Flowers and Other Decorations	97,764	-
Contractors: Prepaid Electricity Vendors	3,350	1,020
Contractors: Removal of Hazardous Waste	814,312	291,195
Contractors: Safeguard and Security	5,040	-
Contractors: Sewerage Services	102,593	-
Contractors: Tracing Agents and Debt Collectors	85,000	-
Contractors: Transportation	14,726	-
Outsourced Services	-	10,080
Outsourced Services: Burial Services	9,301,303	9,510,280
Outsourced Services: Business and Advisory: Occupational Health and Safety	-	406,666
Outsourced Services: Business and Advisory: Valuer	-	118,246
Outsourced Services: Business and Advisory: Human Resources	36,924	761,987
Outsourced Services: Business and Advisory: Communications	8,454	-
Outsourced Services: Catering Services	138,049	-
Outsourced Services: Driver Licence Cards	1,849	16,602
Outsourced Services: Internal Auditors	-	-
Outsourced Services: Motor Management	622,373	-
Outsourced Services: Personnel and Labor	1,813,144	-
Outsourced Services: Refuse Removal	-	1,017,647
Outsourced Services: Security Services	7,638	-
Outsourced Services: Sewerage Services	3,971,702	3,661,774
Outsourced Services: Traffic Fines Management	5,901	-
	2,695,269	3,527,358
Total Contracted Services	28,730,767	39,623,486
Balance previously reported	-	38,897,166
Correction of error - note 46.10	-	726,320
Restated balance	-	39,623,486
37. DEPRECIATION AND AMORTISATION		
Property, Plant and Equipment	19,180,479	17,217,957
Investment Property carried at cost	213,981	232,243
Capitalised Restoration Cost	-	-
Intangible Assets	128,426	126,766
Total Depreciation and Amortisation	19,522,886	17,576,966
Balance previously reported	-	24,463,203
Correction of error - 46.1	-	14,895
Reclassification - note 47	-	(6,901,132)
Restated balance	-	17,576,966
38. FINANCE COSTS		
Long-term Borrowings	1,212,190	1,589,967
Non-current Provisions	1,708,258	1,673,547
Non-current Employee Benefits	2,796,123	2,816,883
Overdraft Facilities	170,037	185,339
Total Finance Costs	5,886,608	6,265,736



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
39. BULK PURCHASES		
Electricity	56,354,856	52,862,992
Water	6,733,355	6,393,662
Total Bulk Purchases	63,088,212	59,256,654
Stock adjustments	(12,069,329)	(9,735,398)
Total Bulk Purchases	51,018,883	49,521,255
Balance previously reported		59,022,547
Correction of error - note 46.10		234,107
Restated balance		59,256,654
	2019 R	2018 R
40. TRANSFERS AND SUBSIDIES		
Monetary Allocations		
Households	593,600	96,244
Non-profit Institutions	77,522	127,092
Total Transfers and Subsidies	671,122	223,335
Balance previously reported		223,385
Correction of error - note 46.10		(49)
Restated balance		223,335
	2019 R	2018 R
41. OPERATIONAL COSTS		
Advertising, Publicity and Marketing	529,918	417,776
Audit Fees	5,489,208	3,111,275
Bank Charges, Facility and Card Fees	663,651	588,372
Bursaries (Employees)	96,653	213,285
Communication	1,854,035	1,737,527
Deeds	23,241	21,603
Entertainment	25,873	81,623
External Computer Service	2,489,149	1,817,439
Hire Charges	-	316,967
Indigent Relief	370,648	323,235
Insurance excess	973,101	1,231,675
Licences	247,489	208,215
Management Fee	326,495	324,599
Printing, Publications and Books	44,645	32,207
Professional Bodies, Membership and Subscription	1,511,545	1,708,561
Registration Fees	36,786	7,739
Remuneration to Ward Committees	506,116	513,031
Rewards Incentives	8,400	12,000
Travel and Subsistence	864,861	1,021,125
Uniform and Protective Clothing	221,970	408,474
Vehicle Tracking	94,945	101,879
Electricity	(5,140,230)	(3,375,196)
Wet Fuel	3,181,707	2,729,532
Total Operational Costs	14,419,204	13,552,944
Balance previously reported		16,927,075
Correction of error - note 46.10		(3,374,132)
Restated balance		13,552,944
	2019 R	2018 R
42. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES		
Receivables from Exchange Transactions - Note 10	(2,889,519)	(6,611,243)
Receivables from Non-exchange Revenue - Note 11	(38,700,629)	(31,044,474)
Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables	(41,590,149)	(37,655,717)
	2019 R	2018 R
43. GAINS/ (LOSS) ON SALE OF FIXED ASSETS		
Property, Plant and Equipment	204,671	1,601,147
Total Gain/ (Loss) on Sale of Fixed Assets	204,671	1,601,147
	2019 R	2018 R
44. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON FIXED ASSETS		
Investment Property	-	(339,484)
Impairment test against current valuation roll	-	-
Capitalised Restoration Cost	-	-
Change in interest rate of provision	2,652	(7,285,660)
Property, Plant and Equipment	-	-
Impairment test against current valuation roll	-	-
	2,652	(7,625,144)
Total Reversal of Impairment Loss/ (Impairment Loss) on Fixed Assets	2,652	(7,625,144)
Balance previously reported		-
Reclassification - note 45		(7,625,144)
Restated balance		(7,625,144)



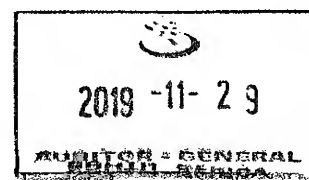
BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

45. RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS AS A RESULT OF THE IMPLEMENTATION OF mSCOA

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has realigned items in the financial statements with the Item Segment of mSCOA. The result of this process was a reclassification and naming of items in the financial statements. New mSCOA Charts are issued annually, resulting into an annual reclassification of items in the financial statements. The reclassification of 2018 audited amounts can be summarised as follows:

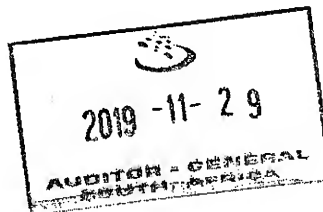
Statement of Financial Position	Balance previously reported	Adjustments	Restated Balance
Capital Replacement Reserve	-	-	-
Housing Development Fund	3,789,477	0	3,789,477
Self Insurance Reserve	699,275	0	699,275
Accumulated Surplus/(Deficit)	454,236,143	(0)	454,236,143
Long-term Borrowings	9,016,518	-	9,016,518
Non-current Provisions	22,062,433	-	22,062,433
Non-current Employee Benefits	29,016,143	-	29,016,143
Non-current Trade and Other Payables from Exchange Transactions	104,084	-	104,084
Consumer Deposits	1,537,467	-	1,537,467
Provisions	5,714,119	-	5,714,119
Current Employee Benefits	9,725,180	-	9,725,180
Trade and Other Payables from Exchange Transactions	53,535,180	-	53,535,180
Unspent Transfers and Subsidies	3,379,953	-	3,379,953
Cash and Cash Equivalents	7,792,004	-	7,792,004
Current Portion of Long-term Borrowings	4,194,300	-	4,194,300
Property, Plant and Equipment	514,339,138	-	514,339,138
Investment Property	7,247,207	(0)	7,247,207
Intangible Assets	400,060	-	400,060
Capitalised Restoration Cost	51,969	-	51,969
Heritage Assets	5,225,000	-	5,225,000
Non-Current Receivables from Exchange Transactions	1,861,932	(0)	1,861,932
Non-Current Receivables from Non-Exchange Transactions	833,070	1	833,071
Inventory	3,571,385	-	3,571,385
Receivables from exchange transactions	16,362,348	-	16,362,348
Receivables from non-exchange transactions	29,180,386	(0)	29,180,386
Unpaid Transfers and Subsidies	12,935	-	12,935
Operating Lease Asset	25,439	-	25,439
Taxes	12,260,539	-	12,260,539
Current Portion of Non-Current Receivables	784,697	(1)	784,696
Cash and Cash Equivalents	12,646,169	-	12,646,169
	(0)	0	-
Statement of Financial Performance	Balance previously reported	Adjustments	Restated Balance
Property Rates	33,875,648	-	33,875,648
Surcharges and Taxes	-	-	-
Government Grants and Subsidies - Capital	77,717,305	1	77,717,306
Government Grants and Subsidies - Operating	76,283,700	(1)	76,283,699
Contributed Property, Plant and Equipment	155,232	-	155,232
Actuarial Gains	2,474,041	-	2,474,041
Fines, Penalties and Forfeits	44,641,921	-	44,641,921
Interest Earned - Non-exchange Transactions	825,998	-	825,998
Licences and Permits	41,964	-	41,964
Service Charges	107,422,169	-	107,422,169
Sales of Goods and Rendering of Services	694,306	-	694,306
Rental from Fixed Assets	1,135,436	-	1,135,436
Interest Earned - External Investments	760,817	-	760,817
Interest Earned - Exchange Transactions	2,821,683	-	2,821,683
Licences and Permits	287,763	-	287,763
Agency Services	741,417	-	741,417
Operational Revenue	904,547	724,012	1,628,560
Employee related costs	94,429,157	-	94,429,157
Remuneration of Councillors	6,068,438	-	6,068,438
Bad Debts Written Off	5,632,236	(0)	5,632,236
Contracted Services	38,897,166	-	38,897,166
Depreciation and Amortisation	24,463,203	6,901,132	31,364,335
Actuarial Losses	209,326	-	209,326
Finance Costs	6,265,751	-	6,265,751
Bulk Purchases	59,022,547	-	59,022,547
Inventory Consumed	3,337,835	-	3,337,835
Operating Leases	236,230	-	236,230
Transfers and Subsidies	223,385	-	223,385
Operational Costs	16,927,075	-	16,927,075
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	-	-	-
Reversal of Impairment Loss/(Impairment Loss) on Receivables	37,655,717	-	37,655,717
Gains/(Loss) on Sale of Fixed Assets	1,830,605	0	1,830,605
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	-	(7,625,144)	(7,625,144)
Net Surplus/(Deficit) for the year	55,585,276	(0)	55,585,276

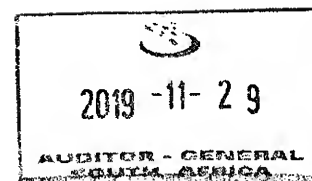


BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
46. CORRECTION OF ERROR IN TERMS OF GRAP 3		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:		
	2019 R	2018 R
46.1 Property, Plant and Equipment		
Balance previously reported		514,339,139
Cost	-	895,719
Correction of PPE additions 30 June 2018	-	7,709
Reversal of incorrect disposal for 30 June 2018	-	708,494
First time recognition Property, Plant and Equipment 30 June 2017	-	179,516
Accumulated Depreciation	-	(493,930)
Reversal of incorrect disposal for 30 June 2018	-	(479,035)
First time recognition Property, Plant and Equipment 30 June 2017	-	(14,895)
Restated Balance	-	514,740,927
	2019 R	2018 R
46.2 Intangible Assets		
Balance previously reported		400,060
Cost-Derecognition of intangible asset 30 June 2018	-	797,935
Accumulated Amortisation - Derecognition of intangible asset 30 June 2018	-	(797,935)
Restated Balance	-	400,060
	2019 R	2018 R
46.3 Operating Lease Asset		
Balance previously reported	-	25,439
Correction on movement on operating lease asset till 30 June 2017	-	(242)
Correction on movement on operating lease asset for the year ended 30 June 2018	-	(36)
Restated Balance	-	25,161
	2019 R	2018 R
46.4 Receivables from Exchange Transactions		
Balance previously reported		16,362,348
Correction of sale of land - 30 June 2018	-	(5,052)
Restated Balance	-	16,357,296
	2019 R	2018 R
46.5 Receivables from Non-Exchange Transactions		
Balance previously reported		29,180,386
Reallocation of expenditure incorrectly posted to debtor vote - 30 June 2017	-	(36,357)
Reallocation of expenditure incorrectly posted to debtor vote - 30 June 2018	-	(801,647)
Restated Balance	-	28,342,381
	2019 R	2018 R
46.6 Taxes		
Balance previously reported		12,260,539
Correction of VAT incorrectly included in expenditure - 30 June 2018	-	758,633
Correction of VAT incorrectly included in expenditure - 30 June 2017	-	1,150,161
Restated Balance	-	14,169,334
	2019 R	2018 R
46.7 Cash and Cash Equivalents		
Balance previously reported		12,646,169
Interest not capitalised to investment - 30 June 2018	-	90,386
Restated Balance	-	12,736,555
	2019 R	2018 R
46.8 Trade and Other Payables from Exchange Transactions		
Balance previously reported	-	53,535,180
Recognition of Bulk Purchases accrual - 30 June 2018	-	321,333
Recognition of Rent paid accrual - 30 June 2018	-	9,250
Recognition of advertisement cost accrual - 30 June 2018	-	46,671
Recognition of year-end accrual - 30 June 2018	-	893,570
Correction of debtor with credit balances - 30 June 2018	-	(3,373,760)
Restated Balance	-	51,432,244
	2019	2018
46.9 Accumulated Surplus/(Deficit) - 1 July 2017		454,236,143
First time recognition Property, Plant and Equipment 30 June 2017	-	179,516
Correction on movement on operating lease asset till 30 June 2017 - note 46.3	-	(242)
Correction of VAT incorrectly included in expenditure - 30 June 2017	-	1,150,161
Reallocation of expenditure incorrectly posted to debtor vote - 30 June 2017	-	(801,647)
Total	-	454,763,930





BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019


46.10 Changes to Statement of Financial Performance

Movement on operating account as a result of GRAP standards not implemented in prior years:

	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Property Rates		33,875,648	-	33,875,648
Government Grants and Subsidies - Capital		77,717,306	-	77,717,306
Government Grants and Subsidies - Operating		76,283,699	-	76,283,699
Contributed Property, Plant and Equipment		155,232	-	155,232
Actuarial Gains		2,474,041	-	2,474,041
Fines, Penalties and Forfeits		44,641,921	-	44,641,921
Interest Earned - Non-exchange Transactions		825,998	-	825,998
Licences and Permits from Non-Exchange Transactions		41,964	-	41,964
Service Charges		107,422,169	-	107,422,169
Sales of Goods and Rendering of Services		694,306	-	694,306
Rental from Fixed Assets	46.3	1,135,436	(36)	1,135,400
Interest Earned - External Investments	46.7	760,817	90,386	851,203
Interest Earned - Exchange Transactions		2,821,683	-	2,821,683
Licences and Permits from Exchange Transactions		287,763	-	287,763
Agency Services		741,417	-	741,417
Operational Revenue	46.4 & 46.6	1,628,560	407,852	2,036,412
Total		351,507,958	498,202	352,006,161
Expenditure				
Employee related costs	46.6	94,429,157	(1,116)	94,428,040
Remuneration of Councillors		6,068,438	-	6,068,438
Bad Debts Written Off		5,632,236	-	5,632,236
	46.1 & 46.5 & 46.6 &			
Contracted Services	46.8	38,897,166	726,320	39,623,486
Depreciation and Amortisation		17,562,071	14,895	17,576,966
Actuarial Losses		209,326	-	209,326
Finance Costs	46.6	6,265,751	(16)	6,265,736
Bulk Purchases	46.8	59,022,547	234,107	59,256,654
Inventory Consumed	46.5 & 46.6 & 46.8	3,337,835	(15,727)	3,322,108
Operating Leases	46.6 & 46.8	236,230	8,249	244,479
Transfers and Subsidies	46.6	223,385	(49)	223,335
Operational Costs	46.5 & 46.6 & 46.8	16,927,075	(3,374,132)	13,552,944
Total		248,811,216	(2,407,469)	246,403,747
Gains and Losses				
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		-	-	-
Reversal of Impairment Loss/(Impairment Loss) on Receivables		(37,655,717)	-	(37,655,717)
Gains/(Loss) on Sale of Fixed Assets	46.1	(1,830,605)	229,459	(1,601,147)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		(7,625,144)	-	(7,625,144)
Total		(47,111,467)	229,459	(46,882,008)
Net Surplus/(Deficit) for the year		55,585,276	3,135,130	58,720,406

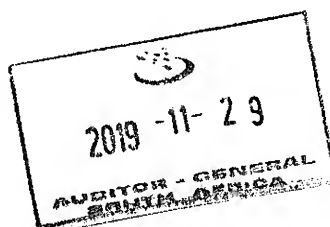
47. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS

	2019 R	2018 R
Surplus/(Deficit) for the year	594,887	58,720,406
<u>Adjustments for:</u>		
Depreciation	19,394,460	17,450,200
Amortisation	128,426	126,766
Loss/(Gain) on Sale of Fixed Assets	204,671	1,601,147
Impairment Loss/(Reversal of Impairment Loss) - Receivables	41,580,149	37,655,717
Impairment Loss/(Reversal of Impairment Loss) - Fixed assets	2,652	7,625,144
Landfill site adjustments	(61,895)	(724,012)
Contributed Property, Plant and Equipment	(36,000)	(155,232)
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	402,552	209,326
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	(823,726)	(2,474,041)
Movement in employee benefits	1,598,207	(142,498)
Bad Debts written off	9,007,067	5,632,236
Interest on provisions	4,504,381	4,490,430
Operating lease income accrued	(15,202)	33,827
	<u>76,490,629</u>	<u>130,049,415</u>
Operating Surplus/(Deficit) before changes in working capital	(62,247,576)	(48,470,238)
Changes in working capital		
Increase/(Decrease) in Trade and Other Payables	(19,312,458)	20,426,004
Increase/(Decrease) in Taxes	3,038,844	(6,953,624)
(Increase)/Decrease in Inventory	573,531	(241,763)
Increase/(Decrease) in Consumer Deposits	293,075	(70,765)
Increase/(Decrease) in Current portion of Long-term Receivables	(23,177)	(131,143)
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(44,175,922)	(43,819,958)
(Increase)/Decrease in Other Receivables from Non-Exchange Transactions	(5,751,264)	(7,325,576)
(Increase)/Decrease Unpaid Transfers and Subsidies	12,935	(6,927)
Increase/(Decrease) in Unspent Transfers and Subsidies	3,096,859	(10,346,486)
Cash generated/(absorbed) by operations	14,243,053	81,579,178


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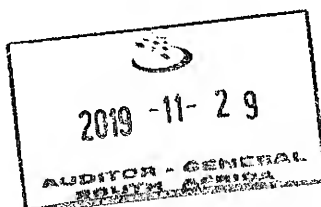
BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

48.	CASH AND CASH EQUIVALENTS	2019 R	2018 R																																																																																						
	Cash and cash equivalents included in the cash flow statement comprise the following:																																																																																								
	Current Accounts - Note 12	115,942	356,816																																																																																						
	Call Deposits and Investments - Note 12	385,966	12,373,469																																																																																						
	Cash Floats - Note 12	6,670	6,270																																																																																						
	Bank Overdraft - Note 12	(12,929,852)	(7,792,004)																																																																																						
	Total cash and cash equivalents	(12,421,274)	4,944,551																																																																																						
49.	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES	2019 R	2018 R																																																																																						
	Cash and Cash Equivalents - Note 48	(12,421,274)	4,944,551																																																																																						
	Less:	7,363,880	5,374,311																																																																																						
	Unspent Transfers and Subsidies - Note 20	6,476,812	3,379,953																																																																																						
	VAT - Note 21	887,068	1,769,438																																																																																						
	Cash Portion of Housing Development Fund - Note 23	-	224,920																																																																																						
	Net cash resources available for internal distribution	(19,785,154)	(429,760)																																																																																						
	Resources available for working capital requirements	(19,785,154)	(429,760)																																																																																						
50.	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION	2019 R	2018 R																																																																																						
	Long-term Liabilities - Note 13	9,369,804	13,210,815																																																																																						
	Used to finance property, plant and equipment - at cost	(9,369,804)	(13,210,815)																																																																																						
	Cash set aside for the repayment of long-term liabilities	-	-																																																																																						
	Cash invested for repayment of long-term liabilities	-	-																																																																																						
	Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.																																																																																								
	Annuity loans at amortised cost is calculated at 6.75%-14.00% interest rate, with last maturity date of 31 July 2029. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured.																																																																																								
51.	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	2019 R	2018 R																																																																																						
51.1	Unauthorised expenditure																																																																																								
	Reconciliation of unauthorised expenditure:																																																																																								
	Opening balance	102,103,718	81,643,533																																																																																						
	Unauthorised expenditure current year - operational	1,880,599	20,157,188																																																																																						
	Unauthorised expenditure current year - capital	-	302,996																																																																																						
	Unauthorised expenditure awaiting authorisation	103,984,317	102,103,718																																																																																						
	Unauthorised expenditure can be summarised as follow:	2019 R	2018 R																																																																																						
	<table><tr><th>Incident</th><th>Disciplinary steps/criminal proceedings</th></tr><tr><td>Actual vs Budgeted spending</td><td>None</td></tr></table>	Incident	Disciplinary steps/criminal proceedings	Actual vs Budgeted spending	None	1,880,599	20,157,188																																																																																		
Incident	Disciplinary steps/criminal proceedings																																																																																								
Actual vs Budgeted spending	None																																																																																								
		1,880,599	20,157,188																																																																																						
	The overspending of the Budget per municipal vote can be summarised as follows:																																																																																								
	<table><tr><th></th><th>2019 Actual R</th><th>2019 Final Budget R</th><th>2019 Variance R</th><th>2019 Unauthorised R</th></tr><tr><td>Unauthorised expenditure current year - operating</td><td></td><td></td><td></td><td></td></tr><tr><td>Vote 1 - Municipal Manager</td><td>6,784,711</td><td>5,958,503</td><td>826,208</td><td>826,208</td></tr><tr><td>Vote 2 - Director: Corporate Service</td><td>36,003,726</td><td>34,949,334</td><td>1,054,392</td><td>1,054,392</td></tr><tr><td>Vote 3 - Director: Financial Services</td><td>30,722,519</td><td>32,103,871</td><td>(1,381,352)</td><td>-</td></tr><tr><td>Vote 4 - Director: Engineering Services</td><td>75,415,485</td><td>88,331,346</td><td>(12,915,861)</td><td>-</td></tr><tr><td>Vote 5 - Director: Community Services</td><td>75,582,325</td><td>145,106,255</td><td>(69,523,930)</td><td>-</td></tr><tr><td>Vote 6 - Director: Electrical Services</td><td>75,962,138</td><td>81,704,495</td><td>(5,742,357)</td><td>-</td></tr><tr><td></td><td>300,470,903</td><td>388,153,804</td><td>(87,682,901)</td><td>1,880,599</td></tr><tr><td>Unauthorised expenditure current year - capital</td><td></td><td></td><td></td><td></td></tr><tr><td>Vote 1 - Municipal Manager</td><td>16,769</td><td>30,000</td><td>(13,231)</td><td>-</td></tr><tr><td>Vote 2 - Director: Corporate Service</td><td>389,077</td><td>491,270</td><td>(102,193)</td><td>-</td></tr><tr><td>Vote 3 - Director: Financial Services</td><td>30,050</td><td>150,000</td><td>(119,950)</td><td>-</td></tr><tr><td>Vote 4 - Director: Engineering Services</td><td>14,823,891</td><td>19,286,072</td><td>(4,462,181)</td><td>-</td></tr><tr><td>Vote 5 - Director: Community Services</td><td>570</td><td>184,074</td><td>(183,504)</td><td>-</td></tr><tr><td>Vote 6 - Director: Electrical Services</td><td>12,529,106</td><td>13,960,018</td><td>(1,430,912)</td><td>-</td></tr><tr><td></td><td>27,789,463</td><td>34,101,434</td><td>(6,311,971)</td><td>-</td></tr></table>		2019 Actual R	2019 Final Budget R	2019 Variance R	2019 Unauthorised R	Unauthorised expenditure current year - operating					Vote 1 - Municipal Manager	6,784,711	5,958,503	826,208	826,208	Vote 2 - Director: Corporate Service	36,003,726	34,949,334	1,054,392	1,054,392	Vote 3 - Director: Financial Services	30,722,519	32,103,871	(1,381,352)	-	Vote 4 - Director: Engineering Services	75,415,485	88,331,346	(12,915,861)	-	Vote 5 - Director: Community Services	75,582,325	145,106,255	(69,523,930)	-	Vote 6 - Director: Electrical Services	75,962,138	81,704,495	(5,742,357)	-		300,470,903	388,153,804	(87,682,901)	1,880,599	Unauthorised expenditure current year - capital					Vote 1 - Municipal Manager	16,769	30,000	(13,231)	-	Vote 2 - Director: Corporate Service	389,077	491,270	(102,193)	-	Vote 3 - Director: Financial Services	30,050	150,000	(119,950)	-	Vote 4 - Director: Engineering Services	14,823,891	19,286,072	(4,462,181)	-	Vote 5 - Director: Community Services	570	184,074	(183,504)	-	Vote 6 - Director: Electrical Services	12,529,106	13,960,018	(1,430,912)	-		27,789,463	34,101,434	(6,311,971)	-			
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BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
51.2 Fruitless and wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	1,782,655	1,220,631
Fruitless and wasteful expenditure current year	-	562,024
Fruitless and wasteful expenditure awaiting condonement	<u>1,782,655</u>	<u>1,782,655</u>
	2019 R	2018 R
Fruitless and wasteful expenditure can be summarised as follow:		
Incident	Disciplinary steps/criminal proceedings	
Backpay to council	None	562,024
	-	<u>562,024</u>
	2019 R	2018 R
51.3 Irregular expenditure		
Reconciliation of irregular expenditure:		
Opening balance	105,158,118	52,932,427
Irregular expenditure current year	68,472,722	52,225,691
Irregular expenditure awaiting further action	<u>173,630,840</u>	<u>105,158,118</u>
	2019 R	2018 R
Irregular expenditure can be summarised as follow:		
Incident	Disciplinary steps/criminal proceedings	
2014 - Open tender request sent after event	None	35,000
2015 - SCM procedures not followed 2014/2015	None	550,134
Irregular Expenditure incurred into Contracting for Traffic Services: 2011/2012 Financial Year - R3 025 588.67 2012/2013 Financial Year - R5 725 559.70 2013/2014 Financial Year - R6 570 444.36	None	15,321,593
2016 - SCM procedures not followed 2015/2016	None	1,046,113
2017 - SCM procedures not followed with regards to housing	None	32,105,315
2017 - SCM procedures not followed 2016/2017	None	3,874,272
2018 - SCM procedures not followed with regards to housing	None	31,509,034
2018 - SCM procedures not followed 2017/2018	None	19,979,711
2018 - SCM procedures not followed 2017/2018	None	736,947
2019 - SCM procedures not followed 2018/2019	None	439,130
2019 - SCM procedures not followed with regards to quotations	Expenditure will be investigated in the next financial year	-
2019 - SCM procedures not followed with regards to competitive bid process	Expenditure will be investigated in the next financial year	-
2019 - SCM procedures not followed	Expenditure will be investigated in the next financial year	-
2019 - SCM procedures not followed with regards to regulation 32. The total expenditure since inception could not be determined as it was impractical.	Expenditure will be investigated in the next financial year	-
	<u>173,630,840</u>	<u>105,158,118</u>
Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.		
52. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT	2019 R	2018 R
52.1 Contributions to organised local government - (MFMA 125 (1)(b)) - (SALGA CONTRIBUTIONS)		
Opening balance	(30)	(30)
Council subscriptions	1,038,111	949,899
Amount paid - current year	<u>(1,038,111)</u>	<u>(949,899)</u>
Balance unpaid (included in creditors)	(30)	(30)
	2019 R	2018 R
52.2 Audit fees - (MFMA 125 (1)(c))		
Opening balance	-	-
Current year audit fee	6,277,098	3,123,614
Amount paid - current year	<u>(5,628,729)</u>	<u>(3,123,614)</u>
Balance unpaid (included in creditors)	648,369	-
	2019 R	2018 R
52.3 VAT - (MFMA 125 (1)(c))		
VAT	11,130,489	14,169,334
Closing balance	<u>11,130,489</u>	<u>14,169,334</u>
VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.		



BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
52.4 PAYE and UIF - (MFMA 125 (1)(c))		
Opening balance	1,625,085	800,172
Current year payroll deductions	12,945,124	11,806,846
Amount paid - current year	11,899,976	(10,981,933)
Amount paid - previous year	(824,913)	-
Balance unpaid (included in creditors)	26,470,185	1,625,085
	2019 R	2018 R
52.5 Pension and Medical Aid Deductions - (MFMA 125 (1)(c))		
Opening balance	-	-
Current year payroll deductions and Council Contributions	19,703,521	17,021,786
Amount paid - current year	(19,703,521)	(17,021,786)
Balance unpaid (included in creditors)	-	-
	2019 R	2018 R
52.6 Councillor's arrear consumer accounts - (MFMA 124 (1)(b))		
The following Councillors had arrear accounts for more than 90 days as at 30 June 2019:	Outstanding more than 90 days	Outstanding more than 90 days
Councillor N Constable (010679/032084)	-	-
Councillor N Constable (014506/014507)	-	-
Councillor HT Prince (012338/010957)	-	-
Councillor L Deyce (510271/000768)	-	14,702
Councillor SM Motsoane (022661/022662)	-	-
Councillor MA Kilani (020440/020441)	-	765
Councillor MA Kilani (006482/020441)	-	-
Councillor DE Welgemoed (012158/012159)	-	-
Councillor SM Motsoane (022661/022662)	-	-
Councillor Q Louw (019740/030610)	-	-
Total Councillor Arrear Consumer Accounts	-	15,467

52.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)

30 JUNE 2019

	Amount	Single Supplier	Type of Deviation		Emergency
			Impossible	Impractical	
Jul-18	6,801	6,801	-	-	-
Aug-18	36,950	4,232	-	32,718	-
Sep-18	439,299	224,110	8,479	186,260	20,450
Oct-18	364,930	293,144	2,500	69,286	-
Nov-18	24,711	-	12,887	11,824	-
Dec-18	312,463	119,910	5,471	184,764	2,318
Jan-19	-	-	-	-	-
Feb-19	161,342	9,393	2,950	87,799	61,200
Mar-19	43,156	40,163	-	2,993	-
Apr-19	74,489	44,449	4,289	25,751	-
May-19	795,780	53,724	12,075	711,331	18,650
Jun-19	58,444	-	-	58,444	-
	2,318,364	795,925	48,651	1,371,170	102,618

30 JUNE 2018

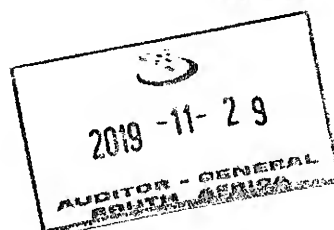
	Amount	Single Supplier	Type of Deviation		Emergency
			Impossible	Impractical	
Jul-17	97,883	-	65,000	32,883	-
Aug-17	771,598	559,804	48,244	49,894	113,657
Sep-17	252,836	16,256	180,036	24,766	31,578
Oct-17	171,103	18,245	152,858	-	-
Nov-17	62,496	-	17,434	45,062	-
Dec-17	336,116	326,723	-	9,393	-
Jan-18	15,394,826	157,616	15,226,410	-	10,800
Feb-18	416,028	4,883	139,567	26,775	244,804
Mar-18	58,977	-	19,859	28,318	10,800
Apr-18	219,571	46,349	140,155	33,067	-
May-18	54,803	29,600	20,203	5,000	-
Jun-18	25,278	5,340	8,774	11,164	-
	17,861,315	1,164,815	16,018,539	266,322	411,538

Non-Compliance with Chapter 11 of the Municipal Finance Management Act

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council.

Range of Deviations approved by Municipal Manager

	Total Deviations	2018/19 Amounts
Deviations between 0 - 10 000	72	388,641
Deviations between 10 001 - 30 000	38	603,431
Deviations between 30 001 - 200 000	8	379,582
Deviations greater than 200 001	3	946,710
	121	2,318,364



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

52.8 Material losses

Electricity distribution losses		
Units purchased (Kwh)	56,809,015	57,649,424
Units lost during distribution (Kwh)	9,110,067	7,779,399
Percentage lost during distribution	16.04%	13.49%
Distribution loss (Rand Value)		

The reason for the increase in electricity losses is due to electricity theft on pre-paid meters. Fines were issued for first time offenders.

	2019	2018
	R	R
Water distribution losses		
Units purchased (ml)	2,521,800	2,647,036
Units lost during distribution (ml)	1,131,809	1,118,151
Percentage lost during distribution	45.00%	42.24%
Distribution loss (Rand Value)		

Normal pipe bursts and field leakages are responsible for water losses.

The municipality provides water services to indigent consumers. Consumptions used by indigent consumers are more than the free 6kl water they received. No action was taken to recover the additional consumptions from indigent consumers and based on history, outstanding amounts are not paid by indigent consumers.

52.9 Other non-compliance

Supply Chain Management Implementation Report

The Supply Chain Management Implementation Report must be submitted to Council within 30 days after the end of the year in accordance with the Supply Chain Management Regulations. The report for 2009/10 was submitted to Council only on 11 August 2010.

Section 11(4) - Withdrawals from municipal bank accounts

The accounting officer must within 30 days after the end of each quarter submit to Council a report of all withdrawals made in terms of subsection (1)(b) to (j). The said report for the second and last quarter was tabled in Council on 9 February 2010 and 11 August 2010 respectively.

MFMA Section 65(2)(b)

Adequate management, accounting and information system was not in place which accounted for creditors.

MFMA Section 65(2)(e)

The municipality had experienced cash flow problems during the year as a result of which creditors were not always paid within 30 days of date of statement or invoice as required.

MFMA Section 15

Expenditure was not only incurred in terms of an approved budget and within the limits of the amounts approved for the different votes in an approved budget.

MFMA Section 32(4)

Report pertaining to unauthorised, irregular, fruitless and wasteful expenditure have not been submitted to all relevant parties.

53. **FINANCIAL RISK MANAGEMENT**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

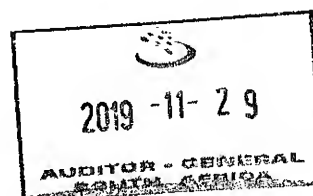
(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

	2019	2018
	R	R
The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:		
0.5% (2018: 0.5%) Increase in interest rates	20,310	(27,094)
0.5% (2018: 0.5%) Decrease in interest rates	(20,310)	27,094



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratapayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due to the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

All rates and services are payable within 30 days from invoice date. Refer to note 10 and 11 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 6 and 7 for balances included in receivables that were re-negotiated for the period under review.

	2019 %	2019 R	2018 %	2018 R
Non-exchange Receivables				
Rates	6.03%	11,738,323	6.40%	9,605,865
Fines	88.79%	172,746,695	85.85%	128,782,626
Other	5.18%	10,077,480	7.75%	11,623,881
	100.00%	194,562,499	100.00%	150,012,373
Non-Current Receivables				
Repayment arrangement	100.00%	3,329,580	100.00%	3,479,700
Exchange Receivables				
Electricity	3.68%	2,780,129	14.57%	11,298,291
Water	12.19%	9,218,157	11.68%	9,057,566
Property Rentals	0.07%	53,883	0.08%	63,322
Waste Management (refuse)	12.31%	9,305,998	10.59%	8,216,936
Waste Water Management (Sewerage)	20.38%	15,414,852	18.16%	14,089,888
Other	51.37%	38,850,067	44.92%	34,841,747
	100.00%	75,623,085	100.00%	77,567,749

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 10 and 11 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	2019 %	2019 R	2018 %	2018 R
Non-exchange Receivables				
Rates	8.04%	-12,899,554	10.55%	12,831,055
Fines	91.96%	-147,569,300	89.45%	108,838,937
	100.00%	-160,468,854	100.00%	121,669,991
Exchange Receivables				
Electricity	2.19%	1,137,597	0.57%	351,180
Water	12.44%	6,466,187	8.83%	5,403,556
Waste Management (refuse)	2.19%	1,137,597	12.58%	7,700,122
Waste Water Management (Sewerage)	12.44%	6,466,187	21.19%	12,972,491
Housing Selling Scheme	0.00%	-	0.10%	60,948
Other	70.74%	36,759,302	56.72%	34,719,809
	100.00%	51,966,870	100.00%	61,208,106

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SOUTH AFRICA

BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The provision for bad debts could be allocated between the different categories of receivables (excl. fines) as follow:

	2019 %	2019 R	2018 %	2018 R
Other	5.10%	4,090,118	2.92%	2,163,076
Industrial	9.29%	7,444,064	10.48%	7,757,493
Residential	85.61%	68,616,951	86.60%	64,118,591
	100.00%	80,151,132	100.00%	74,039,160

Bad debts written off per debtor class:

<u>Non-Exchange Receivables</u>	7,667,518	100%	665,171
Rates and Other Receivables			
<u>Exchange Receivables</u>	1,339,362	100%	4,967,065
Services			

Ageing of amounts past due but not impaired are as follow:

	Exchange Receivables	Non-exchange Receivables
2019		
1 month past due	2,305,020	58,770
2+ months past due	2,066,190	2,880,981
	4,371,209	2,939,751
2018		
1 month past due	292,802	67,661
2+ months past due	1,652,409	2,021,883
	1,945,211	2,089,545

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (First National Bank and Standard Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

	2019 R	2018 R
Financial assets exposed to credit risk at year end are as follows:		
Non-Current Receivables from Exchange Transactions	2,480,243	2,480,243
Trade receivables and other receivables	849,337	999,456
Receivables from exchange transactions	38,850,067	34,841,747
Receivables from non-exchange transactions	194,562,499	150,012,373
Cash and Cash Equivalents	501,909	12,730,285
	237,244,055	201,064,104

(e) Liquidity Risk

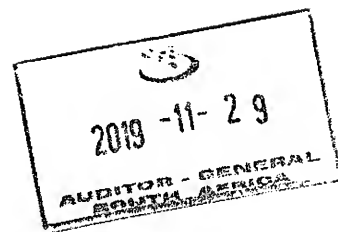
Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2019				
Long-term Liabilities	3,196,466	6,040,136	5,240,732	-
Trade and Other Payables	32,223,829	-	-	-
	35,420,295	6,040,136	5,240,732	-
2018				
Long-term Liabilities	5,362,471	7,028,313	6,287,707	-
Trade and Other Payables	53,535,180	-	-	-
	58,897,651	7,028,313	6,287,707	-

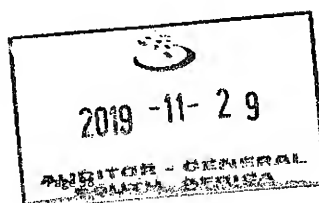
BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

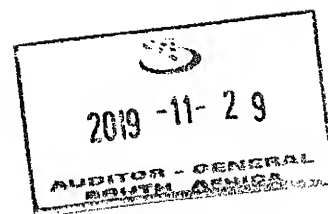
		2019 R	2018 R
54. FINANCIAL INSTRUMENTS			
In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:			
54.1 Financial Assets	Classification	2019 R	2018 R
Non-Current Receivables			
Receivables with repay arrangements	Financial Instruments at amortised cost	1,859,861	1,861,932
Housing Loans	Financial Instruments at amortised cost	290,001	461,643
		2019 R	2018 R
Receivables from Exchange Transactions			
Trade receivables from exchange transactions	Financial Instruments at amortised cost	7,395,202	16,298,654
Other receivables from exchange transactions	Financial Instruments at amortised cost	2,543,147	60,990
		2019 R	2018 R
Cash and Cash Equivalents			
Bank Balances	Financial Instruments at amortised cost	122,612	363,086
Call Deposits	Financial Instruments at amortised cost	385,966	12,373,469
Total Financial Assets		12,596,789	31,419,773
		2019 R	2018 R
SUMMARY OF FINANCIAL ASSETS			
Financial Instruments at amortised cost:			
Long-term Receivables	Receivables with repay arrangements	1,859,861	1,861,932
Long-term Receivables	Housing Loans	290,001	461,643
Trade receivables from exchange transactions	Trade receivables from exchange transactions	7,395,202	16,298,654
Other receivables from exchange transactions	Other receivables from exchange transactions	2,543,147	60,990
Cash and Cash Equivalents	Bank Balances	122,612	363,086
Cash and Cash Equivalents	Call Deposits	385,966	12,373,469
Total Financial Assets		12,596,789	31,419,773
		2019 R	2018 R
54.2 Financial Liabilities	Classification	2019 R	2018 R
Long-term Liabilities			
Annuity Loans	Financial Instruments at amortised cost	7,890,922	9,415,979
Capitalised Lease Liability	Financial Instruments at amortised cost	1,470,882	3,794,839
		2019 R	2018 R
Trade and Other Payables			
Payments received in advance	Financial Instruments at amortised cost	7,572	511,072
Retentions	Financial Instruments at amortised cost	2,264,837	2,193,279
Sundry creditors	Financial Instruments at amortised cost	2,033,552	3,975,685
Trade Payables	Financial Instruments at amortised cost	28,443,126	41,937,788
SALA Pensionfund	Financial Instruments at amortised cost	104,084	420,000
		2019 R	2018 R
Current Portion of Long-term Liabilities			
Annuity Loans	Financial Instruments at amortised cost	1,203,759	1,525,057
Capitalised Lease Liability	Financial Instruments at amortised cost	1,173,423	2,669,243
		2019 R	2018 R
Cash and Cash Equivalents			
Bank Overdraft	Financial Instruments at amortised cost	12,929,852	7,792,004
		57,425,926	73,814,945
		2019 R	2018 R
SUMMARY OF FINANCIAL LIABILITIES			
Financial Instruments at amortised cost:			
Long-term Liabilities	Annuity Loans	9,094,681	10,941,036
Long-term Liabilities	Capitalised Lease Liability	2,652,305	6,464,082
Trade and Other Payables	Payments received in advance	7,572	511,072
Trade and Other Payables	Retentions	2,264,837	2,193,279
Trade and Other Payables	Sundry creditors	2,033,552	3,975,685
Trade and Other Payables	Trade Payables	28,443,126	41,937,788
Cash and Cash Equivalents	Bank Overdraft	12,929,852	7,792,004
		57,425,926	73,814,945
		2019 R	2018 R
55. STATUTORY RECEIVABLES			
In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:			
Taxes			
VAT Receivable		3,135,509	8,742,069
Receivables from Non-Exchange Transactions			
Rates		184,485,019	138,388,491
Fines		11,738,323	9,605,865
		172,746,695	128,782,626
Total Statutory Receivables (before provision)		187,620,528	147,130,560



BEAUFORT WEST MUNICIPALITY

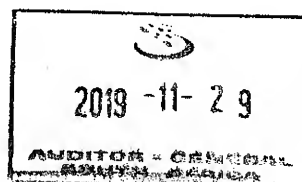
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Less:	Provision for Debt Impairment	(160,468,854)	(121,669,991)
	Total Statutory Receivables (after provision)	27,151,674	25,460,569
Statutory Receivables arises from the following legislation:			
Taxes	- Value Added Tax Act (No 89 of 1991)		
Rates	- Municipal Properties Rates Act (No 6 of 2004)		
Fines	- Criminal Procedures Act		



BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<u>(Rates): Ageing</u>		
Current (0 - 30 days)	1,816,010	2,017,712
31 - 60 Days	463,670	721,334
61 - 90 Days	394,517	590,229
+ 90 Days	9,064,127	6,276,590
Total	11,738,323	9,605,865
	2019 R	2018 R
<u>Reconciliation of Provision for Debt Impairment</u>		
Balance at beginning of year	121,669,991	92,717,956
Contribution to provision	38,798,864	28,952,035
Balance at end of year	160,468,855	121,669,991
	2019 R	2018 R
<u>Ageing of amounts past due and impaired:</u>		
1 month past due	292,802	152,248
2+ months past due	1,652,409	1,960,794
	1,945,211	2,113,043
	2019 R	2018 R
<u>Ageing of amounts past due but not impaired:</u>		
1 month past due	58,770	67,661
2+ months past due	2,880,981	2,021,883
	2,939,751	2,089,545
	2019 R	2018 R
<u>Interest Received from Statutory Receivables</u>		
Taxes	983,978	825,998
Interest is levied at a rate determined by the council on outstanding rates amounts.		
	2019 R	2018 R
56. IN-KIND DONATIONS AND ASSISTANCE		
The municipality did not receive any in-kind donations or assistance during the year under review.		
	2019 R	2018 R
57. PRIVATE PUBLIC PARTNERSHIPS		
Council has not entered into any private public partnerships during the financial year.		
	2019 R	2018 R
58. CONTINGENCIES		
The Trade Union, IMATU, contested the implementation of a wage curve agreement in the Labour Court and the court ruled in favour of IMATU. The Employers Organisation, SALGA, resolved to take the ruling of the Labour Court on review. The effect of the ruling is a general 2% increase in remuneration as from October 2009.		
The following guarantees qualify as contingent liabilities:		
NAME / REG NO	GUARANTEE ISSUED TO	
Nedbank	Performance guarantee no: 285/32883307: Post office	50,000
Nedbank	Electricity guarantee: 285/32883218: Eskom	34,700
Nedbank	Electricity guarantee: 285/32883005:	41,000
	Eskom - Nelspoort	125,700
		125,700



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Claims against the municipality

The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:

Beaufort West Municipality/E. Franse

The municipality has a claim against them whereby a child was injured in a playing park due to the negligence of the municipality. An indication of the possible claim and legal fees was received from Crawford attorney's.

235,055 235,055

Beaufort West Municipality/A. Damon & S.S. Damon

The plaintiffs issued a summons against the Municipality and Crawford Attorneys have defended the summons. Since then there was no movement on the matter and at this stage it is unclear if the plaintiffs intends to pursue the claim further. It is in process to determine a court date. The court will determine the outcome of the matter.

Beaufort West Municipality/Minister of Water and Sanitation

The municipality was summons by the Minister of Water Affairs for outstanding payments for water for the period April 2002 to August 2016. The municipality is in a process of negotiation with the Minister.

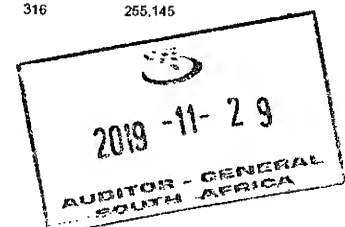
3,311,206 3,311,206

3,546,261 3,546,261

The municipality does not have a permit or license for landfill-sites currently in use at Merweville disposal site, and could be liable for a penalty, to a maximum amount of R10 000 000, in terms of section 68(1) National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008).

CONTINGENT ASSETS

			2019 R	2018 R
BANK	FIRM	PURPOSE		
		REG NO		
First National Bank		Electricity supply:163/3/96	147	2,020
FNB/Shoprite		Electricity Supply:579-123/91	88	12,265
FNB/Ackermans		Electricity Supply:579-131/91	91	2,080
Lombard Insurance Group/AGMS		Merweville housing project		
		Construction civil services and top structure for 90 erven	248	210,450
Lombard Insurance Group/SWANSA		Performance guarantee: Tender no:did:09/2007: Reclamation Plant	261	260,068
Suretyship Guarantee 20120113/002 - ACE		Performance guarantee: Tender SCM 94/2011: Upgrading of streets in Water & Electricity services erf no.7401 (Beaufort Mall)	269	-
ABSA Bank			270	222,000
New National Assurance Company LTD: ACE o.b.o Benver Civils and Plant Hire cc		Performance guarantee: Tender SCM 10/2012: Construction of pedestrian walkways in Murraysburg.	271	-
Nedbank o.b.o A2 Loodgieters		Notice No.99/2015: Tender SCM 08/2016: Construction and installation	295	-
Rand Merchant Bank o.b.o De Jagers Loodgieters kontrakteurs		Guarantee No.G900/0583662/GLO: Notice No. 104/2015: Tender SCM	297	-
Rand Merchant Bank o.b.o De Jagers Loodgieters kontrakteurs		Guarantee no. G900/0588505/GLO: Notice No.62/2015: Tender SCM	298	247,452
Rand Merchant Bank o.b.o De Jagers Loodgieters kontrakteurs		Performance guarantee: Tender SCM 10/2016: Upgrading of Fabriek Street.	299	-
Rand Merchant Bank o.b.o R. Koster t/a R.A Koster		Guarantee Nr.G900/0595814/GLO: Supply of water and electricity to 13 Bird Street (Beaufort Manor)	301	31,300
Rand Merchant Bank o.b.o R. Koster t/a R.A Koster		Guarantee Nr.G900/0595862/GLO: Supply of water and electricity to 7 Bird Street (Beaufort Manor)	302	21,100
Provincial Gazette Nr. 7711		Notice of Registration of Driving Licence testing centre: Murraysburg	308	-
Infinity Guarantees		Performance Guarantee: Guarantee Nr. PS GUA MV 01: Tender nr. SCM	309	1,049,588
Rand Merchant Bank o.b.o De Jagers Loodgieters kontrakteurs (Edms)Bpk		Retention Guarantee Nr. OGT0672/ZA0002760: Tender Nr. SCM 06/2017: Upgrading of Protea and Oak Streets, Beaufort West	310	199,417
Rand Merchant Bank o.b.o De Jagers Loodgieters kontrakteurs (Edms)Bpk		Retention Guarantee: Guarantee No. OGT0672/ZA0003151: Tender no. 61/2016: Upgrading of the Murraysburg Wastewater Treatment	311	342,479
Rand Merchant Bank o.b.o De Jagers Loodgieters kontrakteurs (Edms)Bpk		Performance Demand Guarantee: Guarantee No. OGT0672/ZA0004613: Tender Number 103/2017: SCM	312	583,509
Rand Merchant Bank o.b.o De Jagers Loodgieters kontrakteurs (Edms)Bpk		03/2018: Upgrading of Klein Hand Performance Demand Guarantee: Guarantee no. OGT06702/ZA0005420: Tender no. 103/2017 : SCM 03/2018: Upgrading of Klein Hans River Scheme: Phase 1	313	944,524
Rand Merchant Bank o.b.o De Jagers Loodgieters kontrakteurs (Edms)Bpk		Retention Guarantee: Guarantee No. OGT0672/ZA0008355: Tender No: 103/2017 : SCM 03/2018: Upgrading Of Klein Hans River Scheme: Phase 1	314	755,462
Rand Merchant Bank o.b.o De Jagers Loodgieters kontrakteurs (Edms)Bpk		Guarantee NO. OGT0672/ZA00014812: Tender SCM 03/2018: Upgrading of Klein	315	294,655
Rand Merchant Bank o.b.o De Jagers Loodgieters kontrakteurs (Edms)Bpk		Retention Guarantee NO. OGT0672/ZA00014812: Tender SCM 03/2017: Upgrading of Klein Hans Rivier Scheme phase 1	316	255,145



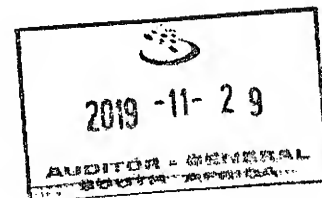
BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Namco Guarantees o.b.o Dorha Construction Services (Pty) Ltd

Guarantee construction: NAM 1903-04: SCM 15/2019: Upgrading of existing pavilion at Beaufort West

319	71,502	-
	<u>617,412</u>	<u>5,178,369</u>



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

59. RELATED PARTIES

2019
R

2018
R

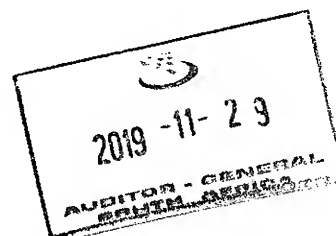
Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

59.1 Related Party Transactions

	Rates - Levied 1 July 2018- 30 June 2019	Service Charges - Levied 1 July 2018 - 30 June 2019	Other - Levied 1 July 2018 - 30 June 2019	Outstanding Balance - 30 June 2019
Year ended 30 June 2019				
Councillors				
Councillor AM Slabbert (010137/011832)	5,797	22,291	1	-
Councillor N Constable (010679/032084)	2,737	5,957	-	674
Councillor N Constable (014506/014507)	529	5,691	-	539
Councillor O Haarvoor (510856/003456)	-	1,515	-	-
Councillor JJ van der Linde (014807/014808)	8,177	30,563	-	-
Councillor L Deyce (510271/000768)	1,413	1,521	-	241
Councillor L Basson (024298/024299)	694	2,349	-	-
Councillor MA Kilani (020440/020441)	612	5,407	-	496
Councillor MA Kilani (006482/020441)	-	1,490	-	124
Councillor DE Welgemoed (012158/012159)	9,438	43,382	-	1,677
Councillor SM Motsaane (022661/022662)	622	6,959	-	467
Councillor Q Louw (019740/030610)	398	1,164	-	1,562
	30,416	128,239	1	5,780
Municipal Manager and Section 57 Employees				
Municipal Manager : K Haarhoff (No account)	-	-	-	-
Director : A Makendiana (012180/029959)	10,387	2,349	-	0
Director : R van Staden (011959/011990)	12,257	19,669	-	-
Director : HT Prince (012338/010957)	11,585	12,400	-	6,148
Director : CJ Kymdell (007759/007760)	12,087	36,149	-	-
	46,316	70,568	-	6,148
	Rates - Levied 1 July 2017 - 30 June 2018	Service Charges - Levied 1 July 2017 - 30 June 2018	Other - Levied 1 July 2017 - 30 June 2018	Outstanding Balance - 30 June 2018
Year ended 30 June 2018				
Councillors				
Councillor AM Slabbert (010137/011832)	5,456	18,698	1	1,844
Councillor AM Slabbert (028981/031495)	2,852	2,669	-	-
Councillor N Constable (010679/032084)	2,576	5,797	-	635
Councillor N Constable (014506/014507)	496	5,244	-	674
Councillor O Haarvoor (510856/003456)	-	1,405	-	117
Councillor JJ van der Linde (014807/014808)	7,696	37,249	-	-
Councillor HT Prince (012338/010957)	10,896	19,495	-	17,100
Councillor L Deyce (510271/000768)	1,296	1,405	-	228
Councillor L Basson (024298/024299)	653	2,182	-	-
Councillor MA Kilani (020440/020441)	576	4,841	-	518
Councillor MA Kilani (006482/020441)	-	1,407	-	116
Councillor DE Welgemoed (012158/012159)	8,816	38,554	-	3,307
Councillor SM Motsaane (022661/022662)	576	5,735	-	2,763
	41,688	144,681	1	27,301
Year ended 30 June 2018				
Municipal Manager and Section 57 Employees				
Municipal Manager : K Haarhoff (No account)	-	-	-	-
Director : A Makendiana (012180/029959)	9,776	2,182	-	0
Director : R van Staden (011989/011990)	11,536	22,907	-	-
Director : ER Klink (510285/000794)	3,056	1,405	-	0
Director : ER Klink (000037/044164)	496	2,182	-	-
Director : ER Klink (000312/044164)	3,200	-	-	-
Director : ER Klink (511153/002065)	16	-	-	-
Director : N Kotze (Appointed 1/10/2017 - 31/03/2018) (no account)	-	-	-	-
Director : CJ Kymdell (007759/007760)	11,376	35,057	-	-
	39,456	63,734	-	0

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

Councillors and management comprises of those persons responsible for planning, directing and controlling the activities of the Municipality.



BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

59.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 14 to the Annual Financial Statements.

59.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 35 to the Annual Financial Statements.

59.4 Other related party transactions

The following purchases were made during the 2018/19 financial year where Councillors or staff have an interest:

Company Name	Amount	Interest
B&B Sweiswerke	26,780	Son, Mr. A.C. Du Plessis is currently employed by Department of Education as a teacher.
Central Karoo Events	273,153	Sons, Mr P.J. Julius and Mr J. Julius is employed as vehicle inspections & traffic officer and machine operator at electrical and traffic services at the Beaufort West Municipality
Karoo Motors Workshop	530,324	Spouse, Mrs Anna-Marie van der Merwe is employed with the Department of Health Services
Karoo Betonwerke	2,730	Spouse, Mr Swanepoel are employed at Department of Correctional Services as Corrections Officer.
Tokkie se Slaghuys	16,976	Daughters are employed with the Department of Education and Health Services
B Chalmers	5,125	Spouse, Mr Chalmers are employed with the Department of Correctional Services.
Beaufort West Lugreeling en Verkoeling	2,588	Spouse, Mr Kriel are employed at Beaufort West Hospital
Beaufort Luxury Coaches	34,740	Son, Mr W. Johnson and daughter, Mrs B. Johnson are employed at Beaufort West Municipality and Department of Public Transport.
Avril's Catering	2,550	Son, Mr M. Johnson and daughter, Mrs B. Johnson are employed at Department of Correctional Services and Department of Agriculture.
Ingozi Construction and Catering	2,700	Spouse, Mr F. Pieters and daughter R. Pieters are employed at the housing department at Beaufort West Municipality and Transnet
RWS Cleaning and Maintenance Services	146,250	Spouse, R. Summers are employed at Beaufort West Municipality.
Wima's Catering	11,400	Brother currently employed at the Beaufort West Municipality.
Swan Driving School	6,870	Spouse, Mr W. Swanepoel is employed with the Department of Correctional Services as Corrections Officer.
Dorha Construction Services (Pty) Ltd JV Protea Sports Court (Pty) Ltd	2,396,486	Brothers and sister, N. Constable (Mayor), R. Klink (Town Manager) are in the service of the state employed at Beaufort West Municipality, S. Jooste (Municipal Manager at CKDM) and sister E. Maans is a Councillor at Prince Albert Municipality.
L & E Projects & Solutions	28,742	Brother, B. Mitchell and A. Mitchell are employed at the Beaufort West Municipality.

The following purchases were made during the 2017/18 financial year where Councillors or staff have an interest:

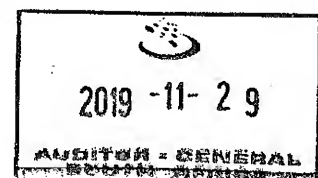
Company Name	Amount	Interest
B&B Sweiswerke	42,856	Son, Mr. A.C. Du Plessis is currently employed by Department of Education as a teacher.
Central Karoo Events	109,224	Vehicle Inspections & Traffic Officer and machine operator at electrical and traffic services at the Beaufort West
Karoo Motors Workshop	703,576	Spouse, Mrs. Anna-Marie van der Merwe is employed with the Department of Health Services
Karoo Drukkery	4,285	Spouse, Mrs. Munroe, is currently employed at the Beaufort West Hospital
Tokkie se Slaghuys	4,200	Spouse, Mr Van Heerden is employed with the Department of Correctional Services
B Chalmers	4,500	Spouse, Mr Chalmers is employed with the Department of Correctional Services
Beaufort West Lugreeling en Verkoeling	33,345	Spouse, Mr Kriel, is currently employed by the Department of Health Services
Beaufort Luxury Coaches	37,330	Son, Mr W. Johnson and daughter, Mrs B. Johnson are employed at Beaufort West Municipality and Department of
Avril's Catering	2,700	Daughter, Ms M. Johnson are employed with the Department of Correctional Services
Raakvat Verhuurings	11,250	Spouse, Mrs Jacobs is employed by the Central Karoo District Municipality
Ingozi Construction and Catering	3,375	Spouse, Mr F. Pieters and daughter R. Pieters are employed at the housing department at Beaufort West Municipality
RWS Cleaning and Maintenance Services	41,463	Spouse, R. Summers is employed at Beaufort West Municipality

60. FINANCIAL SUSTAINABILITY

Management is of the opinion that the municipality will continue to operate as a going concern and perform its functions as set out in the Constitution.

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

Financial Indicators



BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The current ratio increased to 0.80:1 from 0.91:1 in the prior year.

The municipality have budgeted for a surplus of R18 479 447 for the 2018/2019 financial year. The municipality is also budgeting for positive cash flows during 2019/2020 and 2020/2021 amounting to R13 964 695 and R23 913 505 respectively.

The municipality had an actual deficit R4 545 343 for the current year.

The average debtors' payment days increased to 678 days from 556 days.

The average creditors payment period is 100 days (2018: 154 days)

The current liabilities exceeds the current assets with R22 986 403 (2018: R11 149 285).

A bank overdraft facility is utilised amounting to R8 000 000.

The municipality is in had a negative bank balance with Nedbank to an amount of R8 546 856 (2018 - R7 792 004 in arrears) as per bank statement. The bank balance as per the cash book for the current year is R12 929 852 and R7 792 004 (2018).

There was a decrease of R17 365 825 in cash and cash equivalents for the current year and R1 692 936 for the prior year.

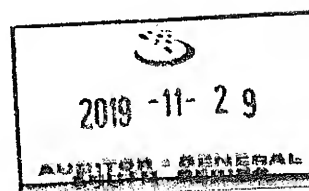
The municipality has call investment deposits for the current year of R385 966 and R12 373 469 (2018)

The outstanding balances in respect of external loans amounts to R9 369 803 (2018 - R9 415 979)

Other Indicators

Possible outflow of resources due the contingent liability disclosed in note 58.

The municipality has appointed consultants in the 2019/2020 financial year to assist with a revenue enhancement project, to increase the municipalities revenue. Further the municipality is in process to establish their own court, in order to recover debt from fines more timeously.



**APPENDIX A
BEAUFORT WEST LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010**

EXTERNAL LOANS	Rag No.	Rat	Supplier	Loan Number	Maturity date	Balance at 30 June 2010	Correction of Error	Revised during the period	Revised written off during the period	Balance at 30 June 2010
LONG-TERM LOANS										
ANNUITY LOANS										
General										
Sanction Building RB211003 T1 5.44		10.46%	DBSA	101257/1	2019/12/31	289,588	-	-	(188,118)	101,470
Severidge Farm Merwerde		8.75%	DBSA	10346/2	2024/12/31	1,535,146	-	-	(195,813)	1,339,333
Entrance Road Industrial Area		10.17%	Netbank	57831003947/1	2020/06/30	1,447,720	-	-	(355,753)	1,091,967
Electricity										
Food control syst RB12/508 IT.2		14.60%	DBSA	30619	2019/03/31	333,307	-	-	(333,307)	0
20MVA Transformer - Sub Station		10.99%	DBSA	10346/4/1	2029/12/31	3,529,795	-	-	(166,424)	3,363,371
Water Works										
Farm Harvester		10.99%	DBSA	10346/4/1	2020/12/31	1,772,113	-	-	(83,121)	1,688,992
Pressure Control System		10.99%	DBSA	10346/4/1	2029/12/31	511,296	-	-	(23,862)	487,434
Total Annuity Loans						6,415,819			(1,525,057)	4,890,762
LEASE LIABILITY										
Machine Photocopy Samsung Pro Xpress		0.75%	Minco	Murrumbidgee Admin	2018/10/30	1,925			(1,925)	0
Machine Photocopy Xerox		0.50%	Nashua	Dr. Financial Services	2018/06/30	741			(741)	0
Sudan Toyota Uno	CZ 2169	0.25%	Egipra	Dr. Financial Services	2018/06/30	7,236			(7,236)	0
Machine Photocopy Ricoh MP3015SP	W918P003329	0.75%	Finech	Dr. Financial Services	2018/06/30	4,953			(4,953)	0
Machine Photocopy Ricoh MP3015SP	W918P003327	0.75%	Finech	Church Street Library	2018/05/30	4,953			(4,953)	0
Machine Photocopy Ricoh MP3015SP	W918P003333	0.75%	Finech	Church Street Library	2018/05/30	4,953			(4,953)	0
Machine Photocopy Ricoh MP3015SP	W918P003328	0.75%	Finech	Mimosa Library	2018/06/30	4,953			(4,953)	0
Machine Photocopy MPC2003SP		0.75%	Nashua	Municipal Manager	2018/10/30	5,672			(5,672)	0
Sudan Chevrolet Aveo 1.6 LS	CZ 7845	0.25%	Egipra	Dr. Corporate Services	2018/07/30	40,900			(40,900)	0
Idv Isuzu KB250D Fleetside	CZ 7845	0.25%	Bidvest Bank	Dr. Engineers Services	2018/06/30	78,664			(78,664)	0
Sudan Chevrolet Aveo 1.6 LS	CZ 9123	0.25%	Egipra	Building Control	2018/07/30	48,600			(48,600)	0
Idv Isuzu KB250D Fleetside	CZ 8006	0.25%	Bidvest Bank	Municipal Buildings	2018/09/30	78,664			(78,664)	0
Idv Isuzu KB250D Fleetside	CZ 9037	0.25%	Bidvest Bank	Municipal Buildings	2018/07/30	74,268			(74,268)	0
Idv Isuzu KB250D Fleetside	CZ 9038	0.25%	Bidvest Bank	Recreation Sites	2018/07/30	69,032			(69,032)	0
Idv Isuzu KB250D Fleetside	CZ 9728	0.25%	Bidvest Bank	Recreation Sites	2018/06/30	75,219			(75,219)	0
Idv Isuzu KB250D Fleetside	CZ 7772	0.25%	Bidvest Bank	Street works & Storm Water	2018/06/30	75,278			(75,278)	0
Idv Isuzu KB250D Fleetside	CZ 8992	0.25%	Bidvest Bank	Street works & Storm Water	2018/06/30	78,348			(78,348)	0
Idv Isuzu KB250D Fleetside	CZ 0070	0.25%	Bidvest Bank	Street works & Storm Water	2018/07/30	69,032			(69,032)	0
Idv Isuzu KB250D Fleetside	CZ 2835	0.25%	Bidvest Bank	Street works & Storm Water	2018/07/30	64,228			(64,228)	0
Idv Isuzu KB250D Fleetside	CZ 9722	0.25%	Bidvest Bank	Fire Brigade	2018/06/30	65,312			(65,312)	0
Idv Isuzu KB250D Fleetside	CZ 9736	0.25%	Bidvest Bank	Street works & Storm Water	2018/06/30	69,032			(69,032)	0
Idv Isuzu KB250D Fleetside	CZ 9736	0.25%	Bidvest Bank	Street works & Storm Water	2018/06/30	70,555			(70,555)	0
Sudan Chevrolet Aveo 1.6 LS	CZ 8643	0.25%	Egipra	Housing Office	2018/07/30	52,815			(52,815)	0
Idv Isuzu KB250D Fleetside	CZ 4407	0.25%	Bidvest Bank	Refuse Removal	2018/09/30	69,068			(69,068)	0
Sudan Chevrolet Aveo 1.6 LS	CZ 9117	0.25%	Egipra	Dr. Traffic Services	2018/07/30	57,558			(57,558)	0
Idv Isuzu KB250D Fleetside	CZ 9723	0.25%	Bidvest Bank	Street works & Storm Water	2018/09/30	78,664			(78,664)	0
Idv Isuzu KB250D Fleetside	CZ 1184	0.25%	Bidvest Bank	Refuse Removal	2018/09/30	70,555			(70,555)	0
Idv Isuzu KB250D Fleetside	CZ 8995	0.25%	Bidvest Bank	Refuse Removal	2018/07/30	69,032			(69,032)	0
Idv Isuzu KB250D Fleetside	CZ 2834	0.25%	Bidvest Bank	Water Purification	2018/09/30	79,078			(79,078)	0
Idv Isuzu KB250D Fleetside	CZ 0660	0.25%	Bidvest Bank	Water Purification	2018/07/30	69,032			(69,032)	0
Idv Isuzu KB250D Fleetside	CZ 9725	0.25%	Bidvest Bank	Water Purification	2018/06/30	78,348			(78,348)	0
Idv Isuzu KB250D Fleetside	CZ 7443	0.25%	Bidvest Bank	Water Reticulation	2018/07/30	74,268			(74,268)	0
Idv Isuzu KB250D Fleetside	CZ 8637	0.25%	Bidvest Bank	Water Reticulation	2018/07/30	74,268			(74,268)	0
Idv Isuzu KB250D Fleetside	CZ 0630	0.25%	Bidvest Bank	Water Reticulation	2018/07/30	74,268			(74,268)	0
Idv Isuzu KB250D Fleetside	CZ 8939	0.25%	Bidvest Bank	Water Reticulation	2018/07/30	74,268			(74,268)	0
Idv Isuzu KB250D Fleetside	CZ 9684	0.25%	Bidvest Bank	Water Reticulation	2018/07/30	74,268			(74,268)	0
Idv Isuzu KB250D Fleetside	CZ 9685	0.25%	Bidvest Bank	Water Reticulation	2018/07/30	74,268			(74,268)	0
Idv Isuzu KB250D Fleetside	CZ 9686	0.25%	Bidvest Bank	Water Reticulation	2018/07/30	74,268			(74,268)	0
Idv Isuzu KB250D Fleetside	CZ 9687	0.25%	Bidvest Bank	Water Reticulation	2018/07/30	74,268			(74,268)	0
Idv Isuzu KB250D Fleetside	CZ 9724	0.25%	Bidvest Bank	Murrumbidgee Refuse Removal	2018/09/30	74,268			(74,268)	0
Idv Isuzu KB250D Fleetside	CZ 9703	0.25%	Bidvest Bank	Water Reticulation	2018/07/30	69,032			(69,032)	0
Truck Refuse	CZ 2962	0.25%	Egipra	Refuse Removal	2020/07/15	911,437			(911,437)	0
Machine Photocopy Ricoh MP3015SP	W918P005120	0.75%	Finech	General Expenses	2020/01/30	11,148			(11,148)	0
Machine Photocopy Ricoh MP3015SP	W918P005097	0.75%	Finech	Dr. Financial Services	2020/01/30	11,148			(11,148)	0
Machine Photocopy Ricoh MP3015SP	W918P005086	0.75%	Finech	Thouong Centre	2020/01/30	11,148			(11,148)	0

Machine Photocopy Ricoh MP301sp		10.50%	Fintech	General Expenses	2020/05/30	12,856			(6,286)	6,370
Samsung SM-P955 (Galaxy TAB 9.7) with pouch	R52G802ES3X	10.50%	MTN	Municipal Manager	2019/02/26	2,654			(2,654)	-
Samsung SM-P955 (Galaxy TAB 9.7) with pouch	R52G8166J2K	10.50%	MTN	Dr. Corporate Services	2019/02/26	2,654			(2,654)	-
Samsung SM-P955 (Galaxy TAB 9.7) with pouch	R52G8166J8E	10.50%	MTN	Dr. Financial Services	2019/02/26	2,654			(2,654)	-
Samsung SM-P955 (Galaxy TAB 9.7) with pouch	R52G7010Q2V	10.50%	MTN	Dr. Engineers Services	2019/02/26	2,654			(2,654)	-
Samsung SM-P955 (Galaxy TAB 9.7) with pouch	R52G70KP27X	10.50%	MTN	Dr. Community Services	2019/02/26	2,654			(2,654)	-
Samsung SM-P955 (Galaxy TAB 9.7) with pouch	R52G8166LEA	10.50%	MTN	Admin. Electrical	2019/02/26	2,654			(2,654)	-
Sudan Toyota Elva's	CZ 10121	10.50%	Econet	Dr. Traffic Services	2020/07/30	105,215			(47,718)	57,497
Lexus KB250D Fleetside	CZ 9335	10.50%	Bidvest Bank	Refuse Removal	2021/01/31	169,713			(66,447)	103,266
Lexus KB250D Fleetside	CZ 9480	10.50%	Bidvest Bank	Dr. Traffic Services	2021/01/31	184,966			(66,861)	119,062
Lexus KB250D Fleetside	CZ 5524	10.50%	Bidvest Bank	Retribution High Voltage	30/9/2019	-	219,687		(43,046)	176,641
Lexus KB250D Fleetside	CZ 8347	10.50%	Bidvest Bank	Retribution Low	30/9/2019	-	219,687		(43,046)	176,641
Total Lease Liabilities						3,704,839	-	419,375	(2,755,339)	1,479,514
TOTAL EXTERNAL LOANS						13,210,818	-	419,375	(4,210,391)	9,360,798

APPENDIX B
BEAUFORT WES LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R		2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R
			Governance and Administration			
36,616,471	21,353,055	15,263,416	Executive and council	38,041,574	20,357,748	17,683,827
37,694,497	52,786,074	(15,091,577)	Finance and administration	41,479,272	49,856,849	(8,377,577)
			Community and Public Safety			
6,402,194	9,725,007	(3,322,813)	Community and social services	7,303,302	11,010,696	(3,707,393)
5,800,652	7,442,553	(1,641,901)	Sport and recreation	8,303,472	7,769,481	533,991
45,175,519	43,495,581	1,679,939	Public safety	50,311,401	55,660,716	(5,349,315)
2,212,272	3,503,856	(1,291,583)	Housing	406,277	2,337,735	(1,931,458)
			Economic and Environmental Services			
404,159	5,085,584	(4,681,425)	Planning and development	770,869	6,488,289	(5,717,421)
12,120,871	26,267,129	(14,146,258)	Road transport	12,048,634	23,953,335	(11,904,701)
			Trading Services			
94,613,351	74,545,837	20,067,513	Energy sources	88,072,714	75,962,138	12,110,576
72,707,080	24,144,071	48,563,009	Water management	34,992,321	22,828,313	12,164,009
40,267,631	9,824,672	30,442,959	Waste water management	20,920,482	10,655,770	10,264,712
10,475,357	15,112,335	(4,636,978)	Waste management	10,015,198	13,589,834	(3,574,636)
364,490,054	293,285,755	71,204,299	Sub Total	312,665,517	300,470,903	12,194,613
(12,483,893)	-	(12,483,893)	Less Inter-Departmental Charges	(11,599,726)	-	(11,599,726)
352,006,161	293,285,755	58,720,406	Total	301,065,790	300,470,903	594,887

APPENDIX C
BEAUFORT WES LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019
MUNICIPAL VOTES CLASSIFICATIONS

2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R		2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R
965,827	5,600,968	(4,635,141)	Municipal Manager	632,422	6,361,265	(5,728,843)
35,650,643	15,752,087	19,898,556	Municipal Manager Mayor and Council	37,409,153	13,996,483	23,412,670
			Chief Financial Officer			
37,329,196	28,592,967	8,736,229	Budget and Treasury Office	40,796,551	30,541,301	10,255,250
			Director: Administration			
365,301	24,193,107	(23,827,806)	Corporate Services	682,720	19,315,548	(18,632,828)
104,159	1,382,497	(1,278,338)	Planning and Development	82,069	1,620,245	(1,538,176)
			Director: Community Services			
6,402,194	9,725,007	(3,322,813)	Community and Social Services	7,303,302	11,010,696	(3,707,393)
5,800,652	7,442,553	(1,641,901)	Sport and Recreation	8,303,472	7,769,481	533,991
45,175,519	43,495,581	1,679,939	Public Safety	50,311,401	55,660,716	(5,349,315)
2,212,272	3,503,856	(1,291,583)	Housing	406,277	2,337,735	(1,931,458)
-	-	-	Health	-	-	-
			Director: Technical Services			
12,420,871	29,970,216	(17,549,345)	Road Transport	12,737,434	28,821,380	(16,083,945)
94,613,351	74,545,837	20,067,513	Electricity	88,072,714	75,962,138	12,110,576
72,707,080	24,144,071	48,563,009	Water	34,992,321	22,828,313	12,164,009
40,267,631	9,824,672	30,442,959	Waste Water Management	20,920,482	10,655,770	10,264,712
10,475,357	15,112,335	(4,636,978)	Waste Management	10,015,198	13,589,834	(3,574,636)
364,490,054	293,285,755	71,204,299	Sub Total	312,665,517	300,470,903	12,194,613
(12,483,893)	-	(12,483,893)	Less Inter-Departmental Charges	(11,599,726)	-	(11,599,726)
352,006,161	293,285,755	58,720,406	Total	301,065,790	300,470,903	594,887

APPENDIX D
BEAUFORT WES LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, INTANGIBLE ASSETS, BIOLOGICAL ASSETS AND HERITAGE ASSETS AS AT 30 June 2019
GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation				Accumulated Impairment				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Reversal	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	
Budget & Treasury	18,037,148	332,757	157,373	18,212,532	3,500			3,500	5,970,039	777,239	167,373	6,589,869	11,619,133
Community & Social Services	3,129,592	64,933	85,589	3,108,936					1,210,157	310,533	85,569	1,435,120	1,673,936
Corporate Services	119,536,605	21,437	211,417	119,346,625	17,562,255			17,562,255	5,372,786	901,800	211,417	6,063,269	95,731,102
Electricity	98,546,807	12,529,106	7,439	111,068,474					17,111,439	3,129,613	7,439	20,233,613	90,834,860
Executive & Council	11,530,054	16,769	54,033	11,492,790	780,700			780,700	3,273,988	272,066	54,033	3,492,901	7,219,189
Housing	136,314	-		136,314					59,489	19,349		78,835	59,479
Planning & Development	1,788,775	28,710	72,881	1,744,603					1,029,250	157,558	72,881	1,113,927	630,676
Public Safety	2,905,717	570		2,906,287					706,855	219,793		929,648	1,976,639
Road Transport	186,027,587	8,839,731		194,867,319					47,880,541	5,983,437		53,863,978	140,993,341
Sport & Recreation	17,272,630	1,806,548		19,079,178					1,631,228	593,206		2,224,434	16,854,744
Waste Management	9,359,807	-		9,359,807					3,362,001	602,806		3,964,807	5,395,000
Waste Water Management	100,163,427			100,163,427					12,316,000	3,152,591		15,468,591	84,694,835
Water	100,064,858	4,148,902	70,405	104,143,353					22,514,423	3,368,643	63,431	25,859,635	78,283,719
	658,491,421	27,789,453	659,119	685,621,755	18,336,455	-	-	18,336,455	122,541,773	19,519,629	842,143	141,419,458	535,885,852

APPENDIX E
BEAUFORT WES LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2018	Contributions during the year	Transfers	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	VAT Transferred to Revenue	Balance 30 June 2019
National Government Grants							
Equitable Share	-	56,543,000	111,542	(56,654,542)	-	-	-
Local Government Financial Management Grant	-	1,700,000	-	(1,557,133)	-	(142,867)	-
Energy Efficiency and Demand Side Management Grant	26,727	-	(26,727)	-	-	-	(0)
Municipal Infrastructure Grant	-	-	-	-	-	-	-
Monrovia Sports Field	-	6,382,500	-	(6,382,500)	-	-	-
Beaufort West Sports Stadium : Upgrade Rugby Field	-	850,316	-	-	(543,003)	(81,450)	225,861
Beaufort West: Voortrekker Street Sports Fields - Upgrade Tennis Courts	-	635,543	-	-	(552,646)	(82,897)	0
Kwa-Mandlenkosi : Upgrade Sports Stadium	-	635,543	-	-	(462,099)	(46,745)	126,699
Rehabilitate Gravel Roads : Rustdene, Kwa-Mandlenkosi & Hltside B	-	1,945,200	-	-	(876,536)	(107,725)	960,639
Prince Valley (Ward 6) : Upgrade Streets - James Smith/Michael de Vilkers Avenue	-	2,755,231	-	-	(2,538,543)	(216,688)	-
Murraysburg : Rehabilitate Roads & Stormwater	-	3,086,345	-	-	(2,899,250)	(273,249)	515,646
Nelspoort : New Bulk Water Supply	-	810,961	-	-	-	-	810,961
Upgrade Roads Nelspoort - Freddie Max Crescent	-	2,738,544	-	-	(2,525,403)	(200,734)	12,408
PMU	-	688,600	-	(683,452)	-	(5,348)	0
New Water Supply Pipelines & Upgrade Boreholes & Pump Station - Beaufort West: Klein Hane River	-	620,000	-	-	(559,131)	(60,870)	(0)
Murraysburg : New High Mast Lighting	-	1,155,315	-	-	(1,004,621)	(150,693)	0
Greater Beaufort West Ph2 : New High Mast Lighting	-	2,704,703	-	-	(2,351,016)	(352,787)	(0)
Integrated National Electrification Grant	-	10,000,000	-	-	(8,695,652)	(1,304,348)	-
Expanded Public Works Programme Integrated Grant	84,814	1,285,000	(84,814)	(1,283,296)	-	(1,702)	(0)
Department Rural Development and Land Reform	-	2,255,335	-	-	(1,961,160)	(294,174)	-
Total National Government Grants	111,542	97,394,335	-	(66,560,924)	(24,049,960)	(3,342,279)	2,652,713
Provincial Government Grants							
Human Settlements Development Grant (Beneficiaries)	710	-	-	-	-	-	710
Human Settlements Development Grant - Acceleration of Housing Delivery (Toilet Project)	227,484	-	-	(223,054)	-	(4,430)	0
Human Settlements Development Grant - Acceleration of Housing Delivery (Bulk Services)	203,871	-	-	-	-	-	203,871
Human Settlements Development Grant - Tile Deeds Restoration	705,775	-	-	-	-	-	705,775
Human Settlements - Municipal Accreditation and Capacity Building Grant	-	224,000	-	(93,367)	-	-	130,633
Provincial Treasury : Financial Management Capacity Building Grant	372,357	360,000	-	-	-	-	732,357
Provincial Treasury : Financial Management Support Grant	233,471	2,500,000	-	(1,858,890)	-	(300,226)	574,354
Department of Transport and Public Works : Maintenance and Construction of Transport Infrastructure	-	840,590	-	(840,590)	-	-	-
Department of Cultural Affairs and Sport : Library Service Replacement Funding	234,342	5,550,000	-	(5,373,416)	(64,933)	-	345,993
Department of Cultural Affairs and Sport : Development of Sport and Recreation Facilities	550,886	-	-	-	-	-	550,886
Department of Local Government : Fire Service Capacity Building Grant	154,074	-	-	-	-	-	154,074
Fire and Drought Relief Grant	-	1,913,000	-	-	(1,648,611)	(247,292)	17,097
Department of Local Government : Community Development Workers (CDW) Operational Support Grant	(12,935)	-	12,935	-	-	-	(0)
Department of Local Government : Thusong Services Centres Grant (Operational Support Grant)	336,187	-	-	(238,524)	-	(26,146)	73,517
Department of Local Government : Municipal Drought Relief Grant	165,122	1,697,946	-	(1,478,477)	-	(221,471)	165,122
Department of Local Government : Municipal Service Delivery and Capacity Building Grant	82,152	250,000	-	(162,422)	-	-	169,730
Total Provincial Government Grants	3,255,476	13,335,538	12,935	(10,280,740)	(1,713,544)	(769,568)	3,824,099
Total Grants	3,367,018	110,729,873	12,935	(76,827,665)	(26,663,504)	(4,141,844)	6,476,812

